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CONTENTS

INTERNATIONAL AFFAIRS

Commission on Global Governance Submits Report to Caricom *[CANA]* 1

INTER-AMERICAN AFFAIRS

USIS Assures Caribbean Banana Growers 'In No Way Targeted' *[CANA]* 2
Implementation of Mercosur Tariffs Delayed *[GAZETA MERCANTIL 24 Jan]* 2
Sources Report No Agreement in Mercosur-Chile Talks *[TELAM]* 3
Caricom Signs Memorandum of Understanding With ECLAC *[CANA]* 3
Secretary Notes Pending ACS Ratification *[CANA]* 3

CARIBBEAN

Cuba

Cuban-Americans Allude to Miami Repression, 'Terrorism' *[Havana Radio]* 4
Alarcon: U.S. Measures Conspiring Against Migration Ties *[PRENSA LATINA]* 4
Further on Migration, Rafters to U.S. *[Havana Radio]* 5
Lage Describes State Changes *[Havana Radio]* 5
Discusses Cabinet Changes *[PRENSA LATINA]* 7
Discusses Visit to Colombia, Reorganization *[PRENSA LATINA]* 8
Foreign Minister Begins Asian Tour in Japan *[PRENSA LATINA]* 12
Condolence Message Delivered *[Havana Radio]* 12
Colombian Delegation Visits Matanzas Province *[Havana TV]* 12
Mexican University Awards Honorary Degree to Castro *[Havana Radio]* 12
Official's Proposal Would Allow Foreigners To Buy Property *[Madrid EFE]* 12

Bahamas

'Repatriation of Illegal Haitian Nationals is Now in Effect' *[Nassau Radio]* 13

Haiti

Justice Minister Malbranche Confirms Resignation *[Port-au-Prince Radio]* 13
Further on Resignation *[Madrid EFE]* 14
Senate President: Chamber Continues 'To Delay' Budget Vote *[Port-au-Prince Radio]* 14
Deputies Form Commission To Examine Electoral Law *[Port-au-Prince Radio]* 14
Demobilized Soldiers Paid To Attend Job Orientation *[Port-au-Prince Radio]* 14
Profile of New Police Force *[Port-au-Prince Radio]* 15
Prime, Finance Ministers To Meet Sponsors in Paris *[Port-au-Prince Radio]* 15
Expects 'Firm Commitment' From Sponsors *[Port-au-Prince Radio]* 15

MEXICO

Foreign Secretary Explains U.S. Aid Package *[EL FINANCIERO 23 Jan]* 16
Further on Aid Package *[Mexico City Radio]* 17
Pemex Needs To Cover $400 Million Debt in 1995 *[REFORMA 23 Jan]* 18
Deputies Authorize Issuance of $26 Billion in Bonds *[NOTIMEX]* 19
Loan Portfolio Study Shows Banking System 'Deterioration' *[EL FINANCIERO 18 Jan]* 19
Banamex, IDB Establish Trust Fund for Production Projects *[UNOMASUNO 20 Jan]* 20
Secretary Says No Obligations Placed on Oil Reserves *[REFORMA 20 Jan]* 20
UK Ambassador Says British Investors Believe Crisis Temporary *[NOTIMEX]* 20
Former Envoy to Cuba Says Investments Will Increase *[NOTIMEX]* 21

Repercussions of Financial Crisis Felt in Cuba *[REFORMA 23 Jan]* 21
Former President Optimistic About Economic Plan *[O GLOBO 22 Jan]* 22
Government Secretariat 'Deeply Concerned' About Tabasco *[LA JORNADA 20 Jan]* 23
Chiapas Governor Cited on Resignation, Peace Process *[EL FINANCIERO 20 Jan]* 23
PRD Threatens To Withdraw From National Political Agreement *[Madrid EFE]* 24
PRD: Crisis Must Spark Democratic Change To Prevent 'Anarchy' *[LA VANGUARDIA 22 Jan]* 25
Peace Observers Note Cease-Fire in Chiapas *[NOTIMEX]* 26
Parties Discuss Conditions for Plebiscite in Tabasco *[Mexico City TV]* 26
Cabinet Changes Prompt 'Apprehension' Among PAN, PRD Members *[REFORMA 23 Jan]* 26
Senators React Positively to Cabinet Changes *[Mexico City Radio]* 27
Government Secretary Sworn In as IFE President *[Mexico City TV]* 27

CENTRAL AMERICA

El Salvador

FMLN Coordinator Defends Peace Process, Calls For Agreement *[San Salvador Radio]* 29
Adefaes Head Comments on 'Positive' Talks With Government *[San Salvador Radio]* 29
Party Members Condemn Actions of Demobilized *[San Salvador Radio]* 30
Calderon Sol Delivers Message on 'Violent Incidents' *[San Salvador Radio]* 31
Deputies Held by Adefaes Said To Leave Assembly Building *[San Salvador Radio]* 31
President Calderon Holds News Conference *[San Salvador Radio]* 31
Minister Criticizes Businessmen, Defends Economic Program *[San Salvador TV]* 34

Guatemala

Campaign Begun To Monitor Human Rights, Peace Process *[Guatemala City TV]* 35
Defense Minister Comments on Agreement With UN Mission *[Guatemala City TV]* 35
De Leon Explains Suspension of Public Electricity Bid *[Guatemala City TV]* 36

SOUTH AMERICA

Argentina

Government Creates 'Crisis Committee' To Help Banks *[NOTICIAS ARGENTINAS]* 37
Nuclear Waste Dumping Suspected in Catamarca Province *[TELAM]* 37

Bolivia

Cardenas Criticized for Rejecting Paz Zamora Trial Request *[PRESENCIA 19 Jan]* 37
Government Notes Plans To Eradicate Surplus Coca *[PRESENCIA 19 Jan]* 38

Brazil

Foreign Ministry Report Notes Drop in Arms Exports *[Madrid EFE]* 38
Rio Operation Begins Transfer to Military Police *[FOLHA DE SAO PAULO 24 Jan]* 39
Three Drug Traffickers Killed During Shoot-Outs in Rio Ghettos *[AGENCIA ESTADO]* 39
Commentator Calls for Social Action in Rio Slums *[FOLHA DE SAO PAULO 24 Jan]* 40

Chile

Frei, Canada's Chretien Discuss NAFTA Invitation *[Santiago TV]* 40
Minister, Central Bank Director Praise Argentine Economy *[Madrid EFE]* 41
Agriculture Minister On Economic Issues, Protectionism, NAFTA *[EL MERCURIO 8 Jan]* 42
Armed Forces Acquire New Defense Systems *[EL MERCURIO 9 Jan]* 43
Socialist Party Names New Congressional Officials *[LA NACION 16 Dec]* 45
INE Surveys 1995 Private Investment Plans *[EL MERCURIO 23 Dec]* 45
Official on Telecommunications Priorities *[EL MERCURIO 29 Dec]* 46
Minister, Central Bank Director Praise Argentine Economy *[Madrid EFE]* 46
Official Says Ties With Argentina at 'Optimum Level' *[NOTICIAS ARGENTINAS]* 47
Industrial Property Cooperation Agreement Signed With Spain *[Madrid EFE]* 48

Human Rights Group Issues Report on 1994 *[LA NACION 11 Jan]* 48

Colombia

Colombian Officials Seek Narcotics Aid from U.S. *[Santa Fe de Bogota Radio]* 49
Justice Minister Comments *[Santa Fe de Bogota TV]* 50
Poll Surveys Attitudes Toward Samper, Issues *[SEMANA 10 Jan]* 50

Ecuador

Government Issues Communique on Peruvian Border Incursions *[Quito Radio]* 54
CSN Warns of 'Serious Friction' If Overflights Continue *[AFP]* 54
Government Announces No Incidents Along Border With Peru *[Madrid EFE]* 54

Paraguay

Brazilian Drug Trafficker Catafesta Extradited to U.S. *[ULTIMA HORA 24 Jan]* 55

Peru

Government 'Warned' Not To Sign Accords With DPRK *[EL COMERCIO 14 Jan]* 55
Officials Minimize Ecuadoran Charges of Border Violations *[Lima TV]* 55
Assignments Within Armed Forces Disclosed *[CARETAS 12 Jan]* 55
Activities of Lopez Paredes Drug Trafficking Gang Outlined *[CARETAS 19 Jan]* 57

Uruguay

Lacalle Says Country Has Great Credibility Abroad *[EL PAIS 20 Jan]* 58
Sanguinetti Administration To Prioritize Deficit Reduction *[BUSQUEDA 19-25 Jan]* 58

Venezuela

Emergency Board Orders Banks To Increase Capital *[EL UNIVERSAL 22 Jan]* 58
Roundup of Economic Developments *[EL GLOBO 23 Jan, etc.]* 59

Commission on Global Governance Submits Report to Caricom

FL2601031995 Bridgetown CANA in English 1714 GMT 25 Jan 95

[FBIS Transcribed Text] Bridgetown, Barbados, Jan 25, CANA—Caribbean Community governments have been alerted to wide-ranging proposals to change the system of governance globally, including the United Nations and financial institutions like the International Monetary Fund. The proposals were made by a 28-member panel of distinguished international personalities comprising "The Commission on Global Governance" that prepared a 410-page report. Members include the prime minister of Sweden, Ingvar Carlson; and Guyana-born Shridath Ramphal, former secretary general of the Commonwealth.

The Commission's report, published as "Our Global Neighbourhood," will be officially released Thursday in Sweden when Carlson and Ramphal, co-chairmen of the Commission, formally present a copy to UN Secretary General Boutros Boutros-Ghali. Ramphal told the Caribbean News Agency as he passed through Barbados, will be the opening [as received] of the World Economic Conference in Davos, Switzerland, Thursday.

Described by Prime Minister Nelson Mandela of South Africa as "a timely work deserving our full consideration," the Commission's report for political, economic, and social change outlines a time-table for specific action, climaxing with implementation by the year 2000.

The Commission, at work on the report over the past two years, will stay throughout 1995 to assist "in elucidating our ideas and furthering our proposals," explained Ramphal, former chairman of the West Indian Commission that presented to Caricom in 1992 the 592-page "Time For Action" Report. The Commission emphasised that the call for a new system of "global governance," with much greater involvement in civil society, should not be confused with "global government." The recommendations cover revamping the structures and functions of the UN and for firm, enlightened "proactive leadership."

Heads of government of the Caribbean Community are expected to give official recognition to the Commission's report either at their inter-sessional meeting in Belize scheduled for February 16-17, or at the 16th Caricom Summit in July. The report, which coincides with the 50th anniversary of the UN, states that the international system which the UN Charter put in place while the world was still engulfed in war, "needs to be renewed" to overcome "flaws and inadequacies" of existing institutions.

Reforming the UN system includes proposals to change the "unacceptable veto" of five members of the Security Council and expanding the membership of the Security Council from 10 to 13 to ensure representation from Africa, Asia, and Latin America.

"Revitalizing" of the UN General Assembly has been discussed within the context of a significant elevation of the roles of Non-Governmental Organizations (NGOs) and for an annual Forum of the General Assembly, to which "civil society organizations" are accredited.

Creation of a new Economic Security Council (ESC) to continuously assess the overall state of the world economy and interaction between major policy areas, and the abolition of various UN agencies are among the Commission's proposals for action.

Agencies listed for the "axe" include the Economic and Social Council (ECOSOC), the United Nations Conference on Trade and Development (UNCTAD), and the United Nations Industrial Development Organisation (UNIDO).

In urging the strengthening of the "rule of law worldwide," all members of the UN are being called upon to accept the "compulsory jurisdiction" of the World Court. (The willingness of the United States of America to go along with this particular proposal is of special significance since, under the previous administration of President Ronald Reagan, it had refused to abide by a ruling of the World Court on "destabilisation" politics in Nicaragua).

The establishment of an international criminal court—long-standing advocates of which included former Prime Ministers Michael Manley of Jamaica and A.N.R. Robinson of Trinidad and Tobago—has been recommended as an area for urgent action. The court is to be staffed with "independent prosecutors of the highest calibre and experience in favor of a World Conference on Goverance by 1998, organised by the UN General Assembly, the Commission said:

"Governments can be made to initiate change if people demand it. That has been the story of major change in our time; the liberation of women and the environment provide examples. If people are to live in a global neighborhood and live by neighborhood values, they have to prepare the ground. We believe they are ready to do so," said the Commissioners.

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USIS Assures Caribbean Banana Growers 'In No Way Targeted'

FL2501191695 Bridgetown CANA in English 1528 GMT 25 Jan 95

[FBIS Transcribed Text] Bridgetown, Barbados, Jan. 25, CANA—In a move designed to mollify Caribbean countries worried about its stand on the European Union's banana protocol, the United States says it understands that Caribbean banana producers "need preferential access to the European market".

With a statement issued through its Barbados-based information service, Washington moved to deflect the negative fall-out from its decision to pursue action under Section 301 regarding bananas.

Earlier, the U.S. trade representative Mickey Kantor was quoted as saying that the EU banana import rules were costing U.S. banana marketing companies hundreds of millions of dollars.

This statement came after Washington officials had assured Caribbean governments at the recent Summit of the Americas in Miami that the U.S. was dropping a challenge to the EU's banana regime which protects Caribbean banana exports.

"There has been no change in the U.S. position regarding the banana Section 301 investigation since the Miami Summit," the statement says, adding that the U.S. remains committed to working with the Caribbean countries as outlined in the terms of reference of the technical working group.

"The U.S. government is developing information to respond to Caribbean concerns and hopes to be able to work out soon a mutually convenient time and place for this group to meet," the U.S. Information Service [USIS] statement said.

According to the document, the focus of the Section 301 investigation is the European Union's banana regime. "Caribbean countries are in no way targeted by this investigation," the statement said.

Washington is also concerned that Colombian and Costa Rican implementation of the banana framework agreement will further compound the discrimination against U.S. companies. "These countries' implementation of the framework agreement triggered a Section 301 investigation," the statement noted.

Implementation of Mercosur Tariffs Delayed

PY2501215995 Sao Paulo GAZETA MERCANTIL in Portuguese 24 Jan 95 pp 1, 3

[Article by Luciana Magalhaes]

[FBIS Translated Text] The list of 29 products with tariff protection within the Common Market of the South (Mercosur), which Itamaraty released at the beginning of January, is being ignored at the borders. Adonis da Cunha Ramos, general coordinator of the Customs Control System of the Federal Revenue Secretariat, which is headquartered in Brasilia, has instructed customs delegates to maintain the tariffs that were in force on 31 December for the products under the adjustment regime.

"We have no legal backing for collecting the new tariff. The list released by Itamaraty was not published by the official gazette, and we observe the principle of legality. That is, we continue to collect the tariffs established in the Economic Cooperation Agreement (ACE-18), which will be replaced in the adjustment regime," the general coordinator said.

According to Cunha Ramos, the rules for the automobile sector and for the regime of origin for the products in the list of exceptions to the Common External Tariff (AEC) still have to be made official.

"However, we guarantee that no one will be harmed, and that any eventual extra payment made by importers will be returned by the Federal Revenue Secretariat," Cunha Ramos said. The Brazilian adjustment list includes products like peaches in syrup, wine, wool cloth, and rubber products. The list reduced preferential tariffs of up to 20 percent to 16, 14, 12, and 11 percent from 1 January 1995.

Jose Artur Denot Medeiros, under secretary general of integration, economic and foreign commercial affairs, said that publication of the list by Itamaraty gives sufficient backing for its enforcement. "The list has been made public and has already been disseminated through the press and sent to the appropriate institutions. It might be published in the official gazette, but irrespective of this, it should be enforced," Denot Medeiros said.

Federal revenue delegates in Uruguaiana and Foz do Iguacu, Josemar Dalsochio and Waldir Navarro, respectively, yesterday said that enterprises are bringing to the customs department the lists that were published by the press. "There is great confusion," a Sao Paulo entrepreneur said on 20 January. He said he faced problems when paying an importation bill for rubber pipes from Mercosur because, in addition to the Federal Revenue, a Bank of Brasil official reported that he received no instructions from the Foreign Trade Secretariat (Secex).

Other procedures that should have been enforced on the borders since 1 January have not yet been implemented. The integrated 0700-1900 time schedule is not being observed, either. In Uruguaiana, the Federal Revenue officials headquartered at the Border Customs Station (EAC), where trucks are checked, continue to start working at 0800. According to Cunha Ramos, there is flexibility, allowing local chiefs to maintain a time schedule that suits the workload. "It is useless to keep people idle. There is no reason to open at 0700 if customs brokers do not show up. In Uruguaiana there is intense movement in the afternoon, and working hours have therefore been extended up to 2000," he explained.

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Denot Medeiros believes that most problems will be resolved with the approval by Congress of the Customs Code.

Sources Report No Agreement in Mercosur-Chile Talks

PY2601021495 Buenos Aires TELAM in Spanish 1809 GMT 25 Jan 95

[FBIS Translated Text] Montevideo, 25 Jan (TELAM-SEM) —Diplomatic sources have told TELAM that the Mercosur [Common Market of the South] and Chile did not reach an agreement on free trade this week.

On 23 and 24 January technicians, from Argentina, Brazil, Paraguay, and Uruguay met in this capital with Chilean representatives to seek an understanding that would allow the creation of a free trade zone between the Mercosur and Chile.

The Chilean delegation submitted to the representatives of the four Mercosur countries the observations it thought the economic cooperation project merited. This project was submitted some weeks ago by the Mercosur, and the Chilean delegation had submitted its counter-proposal.

The sources consulted by TELAM indicated that "the basic differences are as follows: Chile wants an accelerated reduction of tariffs, and it also wants fewer requirements regarding the harmonization of the rules and regulations that refer to free trade zones and customs duties.

As of this time, the Mercosur countries must adopt a joint position regarding the document submitted by Chile, and this position will be made known during a new round of talks scheduled to be held at the end of February.

The Mercosur negotiators will hold a meeting with Bolivian officials for the purpose of evaluating the possibility of reaching an integration agreement between the bloc and Bolivia.

Caricom Signs Memorandum of Understanding With ECLAC

FL2601030995 Bridgetown CANA in English 1553 GMT 25 Jan 95

[FBIS Transcribed Text] Port of Spain, Trinidad, Jan 25, CANA—The Caribbean Community on Tuesday signed a memorandum of understanding with the United Nations Economic Commission for Latin America and the Caribbean (ECLAC). Signing on behalf of his organisation, Director of ECLAC's sub-regional office here, Daniel Blanchard, said the agreement will commit the two institutions to consulting and co-operating in such areas as data preparation, research, and mutual attendance at meetings.

Caricom's Secretary General Dr. Edwin Carrington, who signed on behalf of the 13-member community, noted Caricom had been working with ECLAC for several years and he termed the UN institution a "first cousin."

Secretary Notes Pending ACS Ratification

FL2601130395 Bridgetown CANA in English 1749 GMT 25 Jan 95

[FBIS Transcribed Text] Port of Spain, Trinidad, Jan 25, CANA - About five Caribbean Community (Caricom) states are expected to ratify and deposit the agreement to establish the Association of Caribbean States (ACS).

Secretary-General of the Caribbean Community (Caricom), Dr. Edwin Carrington, confirmed Tuesday that Trinidad and Tobago and Jamaica were the only two members to ratify the agreement and deposit the instrument with the Colombian authorities.

The five countries include Guyana, St. Kitts and Nevis and Grenada.

Carrington was also confident that other members will make some headway on the ratification of the agreement before the next inter-sessional meeting of Caricom heads of government in Belize next month.

At the meeting, countries are expected to give a progress report on the issue.

An agreement to establish the ACS was signed last year in Colombia. The ACS groups the countries of Latin America and the Caribbean in a wider trade and economic zone.

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Cuba

Cuban-Americans Allude to Miami Repression, 'Terrorism'

FL2501210795 Havana Radio Rebelde Network in Spanish 1800 GMT 25 Jan 95

[From the "National Radio News"]

[FBIS Translated Text] A magazine published in Miami recently addressed a series of restrictions that include mandates for the Cuban-American community. More information from correspondent Zenida Costales:

[Begin recording] [Costales] This rigid code of conduct is an everyday thing for those who live in Miami. It is a kind of conspiracy that considers traveling to Cuba a sin. It demands that everything uttered on local radio be believed, and threatens those who speak favorably of Cuba with death. The following statements are proof of this.

[Unidentified speaker] Here, it is the minority that speaks out. It audaciously speaks for everyone. This is not the way it should be. They work through intimidation What we have here in Miami is a mafia.

[Costales] What is the silent majority afraid of?

[Speaker] The people [pauses] are afraid of losing their jobs. They are harassed, they lose their jobs, and they even receive death threats. That is what people here are afraid of. They really work just like a mafia.

[Costales] Notwithstanding these threats and the city's hostile atmosphere, voices and events supporting Cuba are organized by those who wish to establish normal relations between the nation and the emigres.

[Second unidentified speaker] The problem is that we must maintain... [pauses] I mean, a person cannot live without being true to what he believes. I sometimes have a very hard time, and I am sometimes very afraid, but I think I can maintain my position. I think that tolerance must be sought.

[Costales] This mafia-type conspiracy seeks out those who commit the cardinal sin of speaking in support of Cuba. Now then, can anyone doubt that there is terrorism in Miami? [end recording]

Alarcon: U.S. Measures Conspiring Against Migration Ties

PA2601020595 Havana PRENSA LATINA in Spanish 2331 GMT 25 Jan 95

[By Javier Rodriguez]

[FBIS Translated Text] Havana, 25 Jan (PL)—Ricardo Alarcon, president of the Cuban parliament, said in this capital today the U.S. measures restricting flights and remittances to Cuba are conspiring against the normalization of migration relations.

Alarcon returned to Cuba today after heading his country's delegation that attended the third round of talks on migration issues with Washington in New York City. The compliance with the bilateral agreement signed in September 1994 was reviewed during the talks.

His statements explained that the provisions on flights and remittances contradict the spirit of the agreement, jeopardize the real possibilities of complying with it, and are irrational.

These provisions are steps taken amid an already overcome crisis, and they make me think the United States will reconsider them sooner than what some people thought and will simply end this absurd situation, he added.

Alarcon denied the U.S. accusations that Cuba is charging each person who travels to the United States $1,000 and explained that the conditions imposed by the other party are the ones responsible for the increase in the price of these trips.

Emigres must meet the requirements of the country that will welcome them, including the payment of 175 pesos (an equal amount in dollars according to the official exchange rate) for meeting with the consul, another 50 pesos if the visa is granted, and the payment of medical tests, legal documents, and the tickets, the prices of which have increased due to the restrictions on flights, he said.

He said that normal flights must be promoted if we wanted to lower these costs and that the blockade measures hindering Cuba's free access to raw materials used for the tests and documents that they themselves demand must be curtailed.

Contemplating the results of the latest round of negotiations, Alarcon described them as frank and constructive and said the agreement is working. The United States must grant 26,000 visas to Cuban immigrants this year, and its representatives had to recognize that Cuba has scrupulously complied with its part of the agreement.

The Cuban delegation broached the improper use of the Guantanamo base, because some people are admitted there and others are allowed to go to the United States, a situation "which could lead to an alteration of the basic premises" already agreed on.

He also raised the question of minors taken abroad by one parent without the consent of the other. According to Alarcon, the United States understands this complex matter and knows the legal difficulties it entails, considering the negative attitude that has historically prevailed in U.S. courts regarding similar situations.

We will continue to exchange elements of judgment in this regard, an act which will permit us to deal with such matters in a manner we hope is successful despite the pressures already faced, above all in Miami, he said.

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He said one cannot speak yet of a total normalization of bilateral migration relations and said the September agreement established the bases that can serve to build these types of relations between the two countries.

The United States still maintains certain reservations as a result of a legacy of 35 years of history that this administration has begun to modify, he said. Alarcon added the signed document is the means that can be conducive to normalizing migration relations.

He said the United States has demonstrated a clear willingness to prevent the return of illegal migration, and that topic is a current one in that country, even with the presence of discriminating sectors.

He mentioned as an example of the latter the current attempts to deny social benefits even to legal immigrants and said the rafters in Guantanamo and Panama must opt for returning to their homes and requesting a visa through normal channels, remaining in those installations or traveling to a third country.

Nobody should be so foolish as to believe they are modifying their policy again, because in no way do they want to encourage illegal migration, he said.

Referring to the case of Leonel Macias, who murdered a Cuban Navy officer to steal a boat to go to the United States, he said he is under arrest and faces several charges although murder is not one of the charges faced.

Finally, regarding Cuba's position on the bilateral migration issue, he said his country is doing all it can so that everything will develop normally and legally, "safeguarding the interests and rights of the 11 million Cubans who are not requesting visas or booking tickets to travel to Miami."

Further on Migration, Rafters to U.S.

FL2601024595 Havana Radio Rebelde Network in Spanish 0000 GMT 26 Jan 95

[From the "Exclusive" program]

[FBIS Translated Text] Ricardo Alarcon de Quesada, president of the National Assembly of the People's Government, who headed the Cuban delegation to the third round of U.S.-Cuban migration talks, returned this afternoon to Cuba. Alarcon discussed the meeting, and to-date compliance with the immigration agreements, with the press upon his arrival at Jose Marti International Airport.

[Begin Alarcon recording] I believe that both sides agreed that the discussions were open and positive. Generally speaking, we could say that the agreement is working. We are progressing, things are returning to normal, last year's situation has completely disappeared. The United States is beginning to issue a regular number of immigration visas, which should amount to approximately 26,000 visas by the end of 1995. Compliance with the agreement is therefore going well despite some problems we are discussing. [end recording]

The Cuban delegation specifically insisted on two important issues.

[Begin Alarcon recording] The use of the Guantanamo base was addressed. Some people were allowed to enter the base, while others are leaving for the United States from the base. This could lead to a change in the basic premises of the agreement, besides the fact that the base is, of course, land taken illegally, which does not have immigration purposes, does not .... [changes thought] Additionally, the old 1903 agreement, which the United States uses to justify their presence in that part of Cuba, states that the land is to be used exclusively as a naval base. In addition, the situation of minors who were taken without the consent of one of their parents was discussed. This ignores the custodial rights of both parents, and is a very complex topic. [end recording]

Evidently the agreement is working, which is clear from the periodic meetings that are taking place, and the attempts by both parties to comply. This guarantees improvements, to normalize the immigration situation in the future.

Lage Describes State Changes

FL2501220395 Havana Radio Progreso Network in Spanish 1140 GMT 25 Jan 95

["Full text" of report on interview with Carlos Lage Davila, secretary of the Executive Committee of the Council of Ministers and vice president of the Council of State, by Susana Lee, published in the 25 January edition of GRANMA; from the "First Thing" program—read by announcers]

[FBIS Translated Text] [Recorded in progress] ....the physical planning, economic research, and housing institutes, among others. Beyond a change of names and figures, we cannot disregard the significance of having eliminated, fused, or dismissed a number of central bodies, national commissions or institutes, to the point that out of 50, only 32 remain; or the importance of the following up-to-date information on 24 ministries and three national institutions that has resulted from this process:

The number of authorized personnel roster slots at the time of the approval of Decree-Law 147 was 19,849. The number of filled personnel roster slots at the time of the approval of Decree-Law 147 was 12,879. The authorized personnel roster, as of January 1995, numbers 8,228. Note that in comparison to the personnel roster of April 1994, 11,621 authorized slots and 4,651 filled slots were eliminated. To date, 681 workers have been relocated and 3,970 have become surplus. To this, add 1,314 surplus workers from the bodies eliminated or absorbed by others. The total, therefore, at the closing of this report is 5,284 slots. There were 984 organizational units, offices, departments, etc. at the time of approval of

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Decree-Law 147. As of January 1995, there are 570 organizational units. The average reduction of these organizational units per body went from 59 to 21. The reduction of the organizational units is one of the most significant aspects because it introduces important changes in the qualitative order of the operations, aimed at achieving rationalization and efficiency in the permanent struggle to strip bureaucracy from the work of these bodies.

However, beyond such reductions, the organization of the central state apparatus requires thoroughly confronting other problems. Thus my question to Lage: What is the goal of this process? Lage answered as follows: The Fourth Communist Party of Cuba Congress' resolution on economic development already mentioned that it was necessary to conduct a reorganization of the apparatus of the central administration of the state to guarantee the necessary centralization of decisions and the adequate functioning of the national economy. When you interviewed me in October 1993, I said that in the last few years, a simplification of the state apparatus had been taking place gradually, although not broadly. However, under the current conditions, it was necessary to conduct a deeper reorganization, precisely as result of the changes being introduced in the economy, increasing the producers' involvement in exports, increasing the enterprises' responsibility in managing their resources, and even the opening to foreign capital investments.

Therefore, the decision to simplify our central state apparatus is not an improvised matter, but has been under analysis for some time. Yet, within the series of measures that had to be approved to confront the diverse, complex situations we faced, others were prioritized, and it was decided to conduct this one gradually. Also, the reorganization of the bodies of the central state administration is not an isolated measure, but is interrelated with other measures already adopted, and others that will ultimately need to be adopted on aspects ranging from the integral principles of our planned economy to all the changes we have already and will need to introduce This includes everything related to improving management of the enterprises, implementation of the income tax system, development of the Basic Cooperative Production Units, etc., as well as rationalization of personnel rosters in every activity, beginning with productive activities, to make them truly productive. This will naturally result in decisions on employment policies, labor and salary organization, and even the training of the required qualified personnel.

All this, it is logical to assume, is part of the country's overall policy to not abandon anyone or to hinge access to health and education upon people's income, but to keep these services free, without affecting social security or assistance. Thus, any type of decision involving the rationalization of a number of workers at a time when economic and social activities have experienced a significant reduction and we are struggling to reduce the budget, must be seen within the context of the larger picture, and considering every possible alternative.

I think I have gotten a bit off track, but I believe it was necessary to give this additional information on the aim of this process that is nothing more than the establishment of a lighter, more rational team, making the central state administration more efficient in fulfilling its main task of helping the government draft state policies and increase the control and audit of those policies, as, in accordance with objectives, the country decentralizes and transfers purely administrative functions to the enterprises, thus giving them more authority to access foreign markets, handle their finances, and control their resources. That is what it's all about.

Every answer brings up more questions, particularly when the interviewee is Lage. Yet this is particularly difficult since I know he is pressed for time. This is why I asked him only two questions, on the run, one about currently idle material resources as result of this process, and about the issue of the much discussed continuing improvement of the state apparatus.

During this first phase, Lage answered, which as I mentioned concludes in mid-1995, the bodies eliminated have been the source of facilities and general basic resources. Several of these facilities have been reassigned to improve social institutions and programs such as the Havana Vieja restoration program. Some facilities will be used as rentable office space for foreign companies, and some as housing units. In terms of furniture and office equipment, the main result is that 98 family doctors offices have been set up, and conditions, although still very precarious, are improving at municipal courts. Other such possibilities will emerge in March or April as the establishment of the new structures takes place.

The continuous improvement process has not stopped during this phase. Experience has shown us that they can be further downsized on the basis of higher rationality in their operations or the new style that will prevail in the same measure that mind sets change or further tasks are decentralized and given to the enterprises, or as we see more clearly with time, it is possible to fuse together the functions of further institutions.

Lage added that the information published yesterday about the dismissal of the heads of several bodies, together with the repercussions and interpretation that always accompany an announcement of this kind inside Cuba, but particularly abroad, make it necessary to clarify that these changes have to be seen as part of a normal process of the succession of cadres that is natural everywhere and anywhere there are leadership cadres in either government or enterprises. What happens is that this is Cuba, and although we are already accustomed to this, everything that has happened during these 36 years of Revolution is often given a different connotation abroad. At least they try.

If we look at the list of comrades dismissed, we will see that they have years of experience in leadership, have worked loyally for many years, were committed to their

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jobs, are consulted on their endeavors, have great prestige and authority among coworkers and in the provinces, and are selfless and devoted. None of them can be labelled irresponsible or corrupt, or of having used their posts for personal profit, or having misused the resources—sometimes very great—that the country placed in their hands to run their ministries or for an occasional negotiation. All this speaks volumes of our ministers, in a world where rarely a day goes by without new accusations of corruption against, not only ministers, but even presidents.

I want to reiterate that this is a natural process of succession, to give a developoment opportunity to other comrades who have earned praise in the discharge of their duties, and to foster the process of reorganization of state apparatus by bringing in other valuable cadres that will have to rely on the accumulated experience of those leaving these posts today and their management team. As a renovation process, which ought to be seen more and more as normal, it was decided that the transfer will be conducted correctly, and that the incoming comrades will receive all the necessary help from the outgoing comrades in the discharge of their new duties, and will be introduced by the former heads to the main cadres and workers of the main work centers subordinated to those bodies, and that the necessary time be allowed for this. This is what I can tell you—concluded Lage.

We are still not experiencing an economic recovery. The previous question should have been my last, but it is certainly impossible to speak with Lage and not ask him about the country's economic situation, or about his announced participation in the international economic forum that will be held in a few days in Davos, Switzerland.

This is almost another entire interview—says Lage smiling, leading me to believe he would be willing to consent to another interview. Yet he answers affably:

We bid farewell to 1994 with some positive signs in the economy's development. First of all, the spiraling decline faced until mid-1994 has halted; foreign capital investments grew despite the Yankees' increased pressures, including the three most important negotiations conducted to date. Likewise, domestic finances tended to become more balanced, and although this cannot be classified as definite, it is encouraging. Tourism, oil extraction, and non-sugar agriculture continued to grow, and other sectors have the conditions for fostering development. Measures such as the creation of the farmers' markets should help us in the future to encourage production, although in 1994, agricultural production, with the exception of tubers and orchard greens, had increased in comparison with 1993.

However, and even though we would like to make such an announcement, we cannot yet say that we are experiencing a recovery phase. The most serious of our problems continues to be the limited access to hard currency that would allow us to increase our capacity to import the resources needed to, among other things, reactivate the country's productive capabilities. The main problem has been the results of the last two four-million-tonne sugar harvests. Add to this, this year's harvest projection of no more than four million tonnes. This fact, together with the increase in the prices of everything we import, keeping in mind that it is less than 30 percent of what was coming into the country just five years ago; the fact that we do not have access to credit, among other factors; and the strengthening of the blockade make all our endeavors and efforts toward a sustained economic recovery very difficult.

The International Economic Summit in Davos is the most important such event held annually. It is attended by heads of state and government, leaders of the governments of most of the countries, together with large international companies, economic research centers, and renowned personalities. This is the first time Cuba has been invited, and our participation will be part of the efforts made in the international arena to present, in our own voice, Cuba's situation, the criminal blockade which strives to cut off every effort to resolve our situation, and the paths we have embarked on, domestically and abroad, to leave behind the period we were subjected to by events external to the Revolution.

This is why, despite everything, we do not lose hope—concluded Lage. Fidel has taught us to be optimistic under the most adverse circumstances, but not to base that optimism on utopias or impossible dreams, but viable and realistic alternatives in touch with today's world, and sustained by the capacity for resistance and the untiring struggle of our people. We have confidence in what we are doing, the measures being implemented, the decisions being adopted, the outcomes foreseen, the fairness of our ideas, and the principles we will never relinquish.

Discusses Cabinet Changes

PA2501153295 Havana PRENSA LATINA in Spanish 1219 GMT 25 Jan 95

[FBIS Translated Text] Havana, 25 Jan (PL)— Carlos Lage, executive secretary of the Council of Ministers, has stressed that "a simplification of the Cuban state apparatus" is under way to face the dissimilar and complex situations the country is experiencing.

In an interview published by GRANMA, the Cuban leader specifically referred to the recent cabinet changes involving the replacement of six ministers and the president of Banco Nacional, as well as two government vice presidents.

"None of them can be labeled irresponsible or corrupt; none of them can be accused of using their posts for personal gain or of having mismanaged the resources—sometimes very large—that the country placed in their hands to run their ministries or for an occasional negotiation," emphasized Lage, who is also vice president of the cabinet.

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"It is just a natural succession process," he noted, adding that it is also a matter of "favoring the reorganization of the state apparatus with the participation of other valuable cadres."

In another part of his interview, Lage said that the objective of the reorganization of the central state apparatus is to "make it more rational, more energetic, more efficient, less costly, and adjusted to the conditions we face today."

He recalled that the Council of Ministers' Executive Committee approved a decree reducing the state's central administration. He noted that it will be left with 27 of the 32 organizations that made it up.

"The process to implement the plans that were approved has begun," Lage stated.

He reaffirmed: "We hope that by 1 June, the 27 organizations will be operating just as they were approved for this first stage of the reorganization of the central state administration."

Lage added: "All this, as it is logical to assume, is within the country's general policy of not abandoning anyone and not making health and education contingent upon people's income but keeping them free without affecting social security and assistance."

"With regard to the Revolutionary Armed Forces and the Interior Ministries, as well as the National Institute of State Reserves [Instituto Nacional de Reservas Estatales]," Lage noted, "(the test) was given prior to the process we are undertaking."

Lage said that the Agriculture and Sugar Industry Ministries are still awaiting a reorganization. They were given a longer deadline to present their proposals in view of the radical transformations they underwent with the creation of the UBPC (Basic Units of Production Cooperative).

Later Lage referred to the country's economic situation, noting that "the investment of foreign capital grew despite the Yankees' increased pressures."

He added: "There was a trend toward a balance in our domestic finances which, without describing it as permanent, is encouraging."

"However, although we would like to announce it, we cannot yet say we are experiencing an economic recovery."

Discusses Visit to Colombia, Reorganization

PA2601000495 Havana PRENSA LATINA in Spanish 1825 GMT 25 Jan 95

[Report on interview with Carlos Lage, vice president of Cuba's Council of State and secretary of the Council of Ministers, by GRANMA's Susana Lee; place, date not given]

[FBIS Translated Text] [Lee] Even though this was not the purpose of my interview with Carlos Lage, I could not help asking my first question to learn of the results of his official visit to Colombia, only a few hours after returning.

As was previously announced, Lage explained, the main purpose of the visit was to assess our bilateral relations. In this regard, the meetings with President Ernesto Samper, Vice President Humberto de la Calle, and Foreign Minister Rodrigo Pardo were excellent.

Every condition exists for the continuation of exchanges between our two countries in developing many fields, such as the economy, science, cultural cooperation, and so forth, he has said. We saw possibilities for the further increase of trade, that the agreements signed in 1994 can be implemented and that other agreements can be signed, that certain investment projects with Colombian capital in Cuba will materialize, and that the priorities in our relations will be observed, Lage has said.

In sum, I believe one can describe the strengthened relations between our two countries as quite positive, the Cuban vice president has said.

Now that my last minute, journalistic interest has been satisfied, I have decided to go over the fundamental reason for the conversation: the reorganization of the state's central administration institutions, because, as you know, nine months after the approval of Decree-Law 147, which established it, it is one of the measures approved by the government in the last year that has been reported on the least. How is it being implemented?

The Reorganization Process Initiated in 27 Central Government Institutions

[Lage] I could tell you very briefly that the process of reorganization has been initiated as approved by the Executive Committee of the Council of Ministers in 27 of 32 institutions in which the decree has reduced the state's central administration.

Of course, explained in this way, it does not give us an idea of all the work carried out in the last few months so we can take this step in reorganizing the state's central apparatus, the purpose of which is to make it more rational, more efficient, less costly, and adapted to the conditions in which we find ourselves today.

To approve the reorganization that is being implemented today, it was necessary first to review the specific duties of each one of the institutions constituting the central government so we could draft the proper reorganization procedures to accomplish the mission. Obviously, this task became more complicated in certain organizations than in others, because they had assume responsibilities and duties which had been eliminated or which had been assigned to other organizations.

Likewise, it was necessary to simultaneously draft the overall labor and salary regulations for the personnel

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who would be made available as a result of the personnel roster adjustments that would be made, as well as the budget that would result from the reorganization.

That reason is why the commission created by the Executive Committee to handle this process has organized specialized working teams that will provide assistance in these areas as well as in other fields, such as cadres, material resources (local resources, transportation, equipment, basic resources, communications, computer systems, and so on), so that the entire analysis of the reorganization can be conducted in an integral manner.

In addition to the ideas for the reorganization that were drafted by the Executive Committee, we must say that each committee member has drafted the studies and proposals on the reorganization and structure of each institution.

So much so that I can tell you that although most of them were subjected to the basic premises of the reorganization process, we believe the central apparatus and production and service units of certain organizations that reduced structures and payroll can undergo further adjustments and thus were given a specific deadline to present a new and even more rational structure than the one that was provisionally approved for them, in keeping with their specific situations.

[Lee] An important aspect, Lage has said, is that each working phase since April has involved the participation of organization leaders, representatives of unions, the party, and youths, and the workers have been informed about this point through various means although this point does not mean the work has been perfect, because it can always be done better in certain places than others to ensure that this reorganization and rationalization process, which is always delicate, complex, and traumatic despite all efforts to ensure that it does not turn out this way, proceeds as normal as possible.

[Lage] Back to the first part of your question, now that structures and functions have been approved, we are involved in informing the workers not about general aspects but, rather, specific ones in their areas, explaining to them the duties of their organizations, directorates, departments, and the payroll that has been assigned to them to rationally fulfill such duties.

Once this step is taken, we then proceed to assign payrolls approved for each place, to select personnel to occupy each position, and this action implies defining availabilities, relocations, and so on. This task, as established by Resolution No. 6 of the Labor and Social Security Ministry, will be led by commissions appointed at each center, and their work will last until 31 May due to the complexity and as each case warrants. In other words, we hope these 27 organizations by 1 June will look as expected during this first phase of the reorganization of the state's central administration.

[Lee] Lage made two clarifications: the five central organizations that are not included in this group and the situation of the offices, commissions, and so on, that are under the 27 organizations.

[Lage] The Sugar Industry and Agriculture Ministries are pending, because they were assigned longer deadlines to present their proposals. They needed more time, because, as you might remember, they radically transformed their foundations with the establishment of the UBPC (basic cooperative production units), and they require a more profound analysis of their organization.

Concerning the Revolutionary Armed Forces and Interior Ministries and the National Institute of State Reserves [Instituto Nacional de Reservas Estatales], they already underwent the process we are implementing.

Regarding different types of institutions that are under several organizations, they were given several months to present to the Executive Committee their proposals on duties, structures, and payrolls. They consist of the reduced personnel from the national offices of regulation, statistics, industrial design, tax administration, and auditing, and the institutes of physical planning and economic and housing research, among others.

Beyond Name and Figure Changes

It is noteworthy that a group of central organizations, national commissions, or institutions was extinguished or merged to the point there are now 32 of a total of 50.

The following data reflect the results of the process so far in 24 ministries and three national institutes:

Approved payroll (as of DL-147) - 19,849

Funded payroll (as of DL-147) - 12,879

Approved payroll (January 1995) - 8,228

Notes:

1) Compared to the payroll in effect in April 1994, 11,621 posts were reduced and 4,651 posts were reduced compared to the funded patrol.

2) So far 681 workers have been transferred, and 3,970 are reportedly awaiting transfers, as are 1,314 workers from organizations that were extinguished or placed under others. Thus, there are reportedly a total of 5,284, as this report was being filed.

Organizational units (directorates, departments, and so on) (as of DL-147) - 984

Organizational units (January 1995) - 570

Reduction of the average of these organizational units by organization—from 59 to 21.

[Lee] The reduction of organizational units is a most significant aspect, because it introduces to the qualitative aspect of the operation important changes aimed at

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securing rationality and efficiency within the framework of an ongoing effort to debureaucratize work in those organizations.

Beyond these reductions, however, the reorganization of the central state apparatus means having to face other essential problems. This point is why I asked Lage: What is the goal of this process?

[Lage] Look, it was being said since the party's fourth Congress and its resolution on economic development that a reorganization of the state's central administration apparatus was necessary to guarantee the required centralization of decisions and an adequate functioning of the national economy.

I told you in October 1993, when you interviewed me, that the state apparatus had been undergoing reductions in the past few years. That reduction was not general, but it was progressive. Current conditions, the changes being introduced in the economy, made a deeper reorganization necessary, however. These changes include additional ties between producers and exports, increased enterprise responsibilities in administrating resources, opening to foreign capital investment.

The decision to simplify our central state apparatus was not a haphazard one; it had been considered for a long time, but a number of measures had to be adopted to face the various complex situations we are experiencing, and other measures in this framework were a higher priority, and it was decided to tackle these changes in stages.

Reorganization is Not an Isolated Measure

Besides, the reorganization of the state's central administration organizations is neither an isolated nor a concluded measure. It is bound with others and will be associated with other measures that will have to be adopted. Those measures would concern aspects ranging from an integral conception of "our planned economy system" and all the adaptations that have had to be made and will be necessary to make. They would also include everything related to the perfecting of the managerial aspect, the implementation of tax laws, the development of the basic production units, etc., to the rationalization of payrolls in all the activities, beginning with the productive ones, so that they are really efficient, a point which leads us to decide on employment policies, labor organization, salaries, and the training of the qualified personnel we need.

All this, as is logical to assume, constitute part of the country's general policy of not forsaking anyone and not making health or education dependent on the people's income but, rather, of keeping them free and not affecting social security or social assistance. This point means any decision on removing workers at a moment when economic and social activities have been considerably reduced—and we are struggling to reduce budget expenditures—will have to be viewed as a whole, considering all the alternatives.

I believe I have strayed somewhat from the issue at hand, but it was necessary to provide this complementary information on what we want out of this process, which is nothing but to have a swifter and more rational team that may manage the state's central administration more efficiently so that it may fulfill its main task of helping the government draft state policies and improve the control and supervision of implemented policies, and, at the same time, in line with objective possibilities and the country's potential. The goal is to also decentralize functions and transfer direct administrative functions to the enterprises, giving them greater authority to engage in foreign trade and to manage their finances so they may control their resources. This is the idea.

[Lee] Answers always plant the seeds for new questions, especially when the interviewee is Lage, and this is bad when he does not have much time. This is the reason why I asked him two questions at once. One concerned material resources that become useless as this process begins, and the other was to insist on the ongoing drive for perfection mentioned together with the reorganization of the state apparatus.

[Lage] The first phase concludes, as I was telling you, around the middle of the year. Most buildings and basic means in general that are being utilized are those that belonged to organizations that no longer exist. For example, we have delivered several buildings to improve social institutions. Others are being used in programs such as the restoration of Old Havana; others have been rented as offices to foreign firms; others are residences, and others have furniture and office equipment.

The most important point is that 98 consulting rooms for family doctors have been set up and that the conditions of the municipal courts that used to be, and still are, rather precarious have begun to improve. Other possibilities of this sort will come about beginning in March or April, when the implementation of new measures will become a reality.

Constant improvements lie in the fact that they will not stop at this stage and the fact that life itself could say more reductions are possible, by themselves, beginning with a larger rationalization of functions or the new style that will begin prevailing insofar as people change their minds or, as we understand even more, as time goes by, that the merging of the functions of more institutions is possible.

Regarding Changes Announced Yesterday

[Lee] The report made public on 24 January on the disengagement of the leaders of certain organizations, along with the repercussions and interpretations that always come with this type of announcement in Cuba and, particularly, abroad, pose a compelling question.

[Lage] We must take these changes as part of a normal process to renovate the cadres in a natural fashion

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anywhere in the world where there is a managing cadre, whether he is in the government or in a company.

The point is that we are in Cuba, and whatever happens here, to which we are already accustomed following 36 years of revolution, often acquires—or they try to give it—another connotation outside Cuba.

If we observed the group of companeros whom we decided to separate from their posts, we would realize that they have much experience in directing tasks and that they have been working loyally and devotedly to their tasks for many years, yielding results in their negotiations in a fashion that has prestige, control over their organizations and their territories, impartiality, and unselfishness.

None of them could be called irresponsible or corrupt or be accused of using their posts to reap personal benefits or mismanaging the resources, oftentimes large, which the country put in their hands for the management of their organizations or for an occasional negotiation. All these things say a great deal about our ministers, considering we are now living in a world where not a single day goes by without accusing not a minister but even presidents for committing these types of offenses.

I emphasize to you that this is a natural process of making changes, giving the opportunity to other companeros who have stood out in the carrying out of their duties, and favoring the reorganization of the state apparatus by giving access to other valuable cadres who will have to seek support on the experience gained by those who today are leaving their posts and by their management teams.

This reason is why, as far as the renovation process that we must regard as more normal as time goes by is concerned, it was decided that the transfers would be done in such a way that they would constitute a fully legal change of command, that the companeros who are now taking over these posts would receive from the outgoing officials all the help they would require to do so, that their predecessors would introduced them to the main cadres and workers organizations of the major departments subordinated to their new posts, and that the necessary time to do so would be taken. This is what I can tell you.

We Have Yet To Reach the Time for Economic Recovery

[Lee] The previous question should have been my last question, but it is indeed impossible to talk to Lage early in the year without asking him about the country's economic situation and even about his much touted participation in the world economic forum that will be held in Davos, Switzerland, within the next few days. This issue is almost another interview, he smilingly recriminated, a gesture which I want to interpret as a previous commitment for another meeting. He gracefully agreed, however, to voice some brief observations:

[Lage] We concluded 1994 with some positive signs on the development of the economy. First, the spiraling lack of growth we faced until midyear has stopped.

Foreign investments increased despite the Yankees' heightened pressure. Even the three most significant negotiations we have undertaken to date had a tendency to balance the domestic finances, which is an encouraging sign, without wanting to regard it as definite. The tourism sector kept growing. We could already see the existence of conditions aimed at improving the tapping of national crude oil, the nonsugar industry, and other activities. Although the 1994 agricultural production, except that of tubers and vegetables, had increased compared to the 1993 production of most staples, such measures as the creation of agricultural markets must help us enhance production in the future. We cannot say yet we are experiencing an economic recovery although we would like to make that announcement. As the most serious part of our problem, we still have a limited influx of foreign exchange, which would increase our capacity to import the resources we need. Such resources would allow us, among other things, to reactivate the country's productive capacity. In this regard, the most negative effects have been the results of the two last sugar harvests of 4 million tons. What is worse, the estimated current harvest is not expected to exceed this amount.

Added to this is the increase in the price of our imports—we note that such imports are less than 30 percent of what we imported only five years ago—our inability to gain access to credits, among other factors, and the strengthened blockade has curbed our desires and efforts to achieve a sustained economic recovery.

The world economic forum in Davos is known to be the most important event of its kind held every year and is attended by chiefs of state and government, government leaders of most countries, along with big multinational companies, centers of economic studies, and personalities. Cuba has been invited for the first time, and our participation falls in line with our efforts abroad to announce in our own voice the situation we are facing, the criminal blockade that attempts to block any attempt to contribute to solve it, the paths we have taken here and abroad to overcome the situation in which events unrelated to the revolution have taken us.

[Lee] Despite everything, however, we are not discouraged, Lage concluded. Fidel has taught us to be optimistic in the most adverse circumstances and that this optimism must not be based on utopias or impossible dreams but, rather, on feasible and realistic alternatives, in keeping with the world in which we live and based on the unwavering capacity of our people to struggle and resist.

We are certain of what we are doing, of the measures we are adopting, of the decisions we have made, of the solutions to overcome our situation, of the justness of our ideas, of the principles to which we will not renounce.

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Foreign Minister Begins Asian Tour in Japan

PA2501203495 Havana PRENSA LATINA in Spanish 1610 GMT 25 Jan 95

[FBIS Translated Text] Tokyo, 25 Jan (PL)—Cuban Foreign Minister Roberto Robaina arrived in this capital today for a working tour. The visit is the first phase of a tour of six Asian countries, including North Korea, Thailand, Nepal, China, and the Philippines.

Robaina bears a message of sympathy from President Fidel Castro to Japan's Prime Minister Tomiichi Murayama for the victims and damage caused by the earthquake that shook the region of Kansai. More than 5,000 people died in this natural disaster.

Diplomatic sources disclosed that for two days Robaina will have a tight agenda that includes meetings with Yohei Kono, deputy prime minister and foreign minister, and Toshiki Kaifu, former prime minister and president of the New Frontier Party.

According to the sources, Robaina will also meet with the Japan-Cuba Parliamentary Friendship League, League president Hiroshi Mitsuzuka, 17 deputies who are members of the League, the Japan-Cuba Economic Conference, the Japan-Cuba Friendship Association, as well as other representatives of the various social sectors.

This is Robaina's first visit to Japan since he became Cuba's foreign minister in April 1993.

Robaina's stay in this Asian country also seeks to review the state of bilateral relations, as well as to offer the Japanese people and Government the solidarity and assistance of the Cuban Government in this trying situation following the recent natural disaster.

Condolence Message Delivered

FL2501204995 Havana Radio Rebelde Network in Spanish 1800 GMT 25 Jan 95

[From the "National Radio News"]

[FBIS Translated Text] Cuban Foreign Minister Roberto Robaina today began an official visit to Japan, the first leg of his tour of six Asian countries. Robaina is the bearer of a message of condolence from President Fidel Castro to Japanese Prime Minister Tomiichi Murayama for the victims and damages from the recent earthquake that affected the Kansai region. During his two-day stay, Robaina will have a very busy agenda that will include meeting Japanese Foreign Minister Yohei Kono and representatives of various sectors of Japanese society. This is Robaina's first visit to Japan. His objectives are to review the status of bilateral relations and to offer Japan's people and government the solidarity and aid of Cuba's government and people in this difficult time following the recent catastrophe.

Colombian Delegation Visits Matanzas Province

FL2601025395 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 26 Jan 95

[From the "NTV" newscast]

[FBIS Translated Text] The Colombian delegation headed by Senator Juan Guillermo Angel Mejia visited Matanzas Province. The tour began in Matanzas' industrial zone. The supertanker base where oil is received, stored, processed, and distributed was the first place visited. Afterwards, the Colombian senators visited the Antonio Guiteras power plant, the most powerful and efficient in the country, the only one that has a generating capacity of 330 megawatts.

As they entered Cardenas Municipality, the delegation visited El Centro Oil Drilling and Extraction Enterprise, the largest on the island. Here they discussed that in May Cuba would host a meeting of the Latin American Petroleum Industry Mutual Aid Association, to which Cuba and Colombia belong. Lastly, the delegation visited Varadero and learned of the development of that tourist hub.

In statements for this newscast, the Colombian ambassador to Cuba [Ricardo Santamaria Salamanca] said he was satisfied with the development of trade relations between the two countries. He indicated that last year, Colombia purchased $8 million in Cuban meningitis and hepatitis vaccines. He highlighted the businessmen's interest in investing in various sectors.

[Begin Santamaria recording] Because of that interest, we have planned a visit of 30 or 40 businessmen from various sectors for March. We know that there are opportunities in the sugar, construction material, textile, and construction sectors. That is what we hope that visit will materialize. I would say that the forecast for this year is cooperation: cooperation, investment, and trade in all areas. [end recording]

Mexican University Awards Honorary Degree to Castro

FL2601021995 Havana Radio Rebelde Network in Spanish 0000 GMT 26 Jan 95

[From the "Exclusive" program]

[FBIS Translated Text] Puebla Autonomous University in Southeast Mexico has awarded Cuban President Fidel Castro an honorary degree for his tireless efforts in support of education and science for four decades.

The Mexican news agency advised that the announcement was made by (Jose Doger Corte), Puebla Autonomous University president, who added that a university delegation will possibly travel to Havana at the end of February to bestow this academic distinction on Fidel Castro for his involvement and support of education and society as a means of solving problems.

Official's Proposal Would Allow Foreigners To Buy Property

PA2601132295 Madrid EFE in Spanish 0032 GMT 24 Jan 95

[Report by Marisol Marin]

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[FBIS Translated Text] Havana, 23 Jan (EFE)—Foreign citizens, who were previously not allowed to buy real estate in Cuba, will now be able to buy a "very comfortable" house or apartment in a posh Havana neighborhood.

At least that is the proposal made by Cuban Housing Institute President Enrique Anabitarte in a circular sent to several diplomatic offices accredited in the country.

The letter, which has sparked significant interest among foreign residents in the capital city, is accompanied by a questionnaire asking potential buyers to identify the type of housing they would like.

Anabitarte announced that they will begin building the first 20 condominiums during the first half of this year and that he expects to build 300 by 1997. "We have chosen excellent parcels in the Miramar area and will begin this activity shortly," he said.

The recently created Cuban Real Estate Association, Inc. is handling this activity and is ready to associate with foreign firms or associations that accept the establishment of joint real estate firms.

The circular does not say which foreign firms are interested in this activity, but there are many unconfirmed rumors in Havana that they are from France, the United Kingdom, and even the United States.

The apartments can be bought "with freely convertible currency, with full property rights, by foreign residents who want to reside in the country temporarily or permanently." This totally excludes Cubans, even if they are the beneficiaries of a hefty inheritance in dollars.

The questionnaire enclosed with the letter asks the potential buyer what neighborhood he prefers, how many parking spaces he needs, what kind of bathroom or kitchen he likes, and even how he would prefer to pay.

Apartments will range from a minimum of 80 square meters to more than 200 square meters, and prices will range between $50,000 to more than $170,000.

According to the questionnaire, a person can hire cleaning, laundry, and security services and says the areas will have ample gardens, a pool, and even "servant quarters"—apparently, forgetting that this term was eliminated from the Socialist lexicon decades ago.

An office has been opened for this purpose in Havana and operates by appointment only, apparently because numerous requests and calls are received every day.

This is the first concrete real estate initiative in Cuba since Vice President Carlos Lage announced the opening of all productive sectors to foreign investment at the Havana International Fair in the latter part of October 1994.

The Cuban market thus continues to be extremely rigid because, for example, it excludes private citizens from the purchase and sale of properties and only allows them the barter option.

Citizens, however, use all kinds of subterfuge, such as extremely complicated bartering systems, to get a house, which is almost always paid for in dollars.

Bahamas

'Repatriation of Illegal Haitian Nationals is Now in Effect'

FL2501155595 Nassau Bahamas Radio Network in English 1800 GMT 24 Jan 95

[FBIS Transcribed Text] An aircraft as well as a defense force vessel carrying police and immigration officials are en route to Inagua, where over 400 illegal Haitian immigrants were taken yesterday according to Director of Immigration Dr. Darswell Coakley. The team is being dispatched to prepare the refugees for repatriation to their home. Dr. Coakley estimates that the group will be returning to Haiti no later than Friday.

The Department of Ministry of Public Safety and Immigration has announced that the program of voluntary repatriation of illegal Haitian nationals is now in effect. All those persons in New Providence who have previously registered are requested to report to the Department of Immigration today in order to receive detailed instructions for their travel to Haiti. Vessels are expected to depart for Haiti on Friday. Persons travelling to Haiti are required to bring their baggage to the Potter Cay Dock for loading on Wednesday and Thursday. All luggage must be properly identified and should not exceed 250 pounds in weight.

Haiti

Justice Minister Malbranche Confirms Resignation

FL2501161495 Port-au-Prince Signal FM Radio in Creole 1230 GMT 25 Jan 95

[FBIS Translated Text] While Smarck Michel is leaving to go abroad, ministers are leaving the government he is leading. Justice Minister, Attorney Ernst Malbranche, has resigned from the Smarck Michel government. He personally confirmed that over the phone and admitted that the news is true; that is, he has left the government. A letter will soon be sent to Mr. Smarck Michel, according to what Mr. Malbranche—who has refused to reveal the contents of this letter—told us. When asked about the reasons for his resignation, Mr. Malbranche said that he feels nostalgia for his lawyer's office. He says he remembers his office, without providing other details.

Does this resignation have anything to do with the statements by President Aristide's partisans in Jeremie who considered Mr. Malbranche an obstacle to the smooth functioning of justice in the country? Mr. Malbranche says no in response to this question. During his

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visit in the Grand'Anse metropolis [Jeremie], the country's head of state seems to have listened to the statements of his partisans who asked him to work so justice can function. Meanwhile, President Aristide's statements looked like a disavowal of the actions of the justice minister, Attorney Malbranche, renowned lawyer in the Port-au-Prince bar, former president of the bar, former state counselor [under the government of Mrs. Ertha Pascal Trouillot]. Attorney Malbranche seems to have been persuaded to accept the justice portfolio of the Smarck Michel government, but he has resigned from the government because he does not seem to feel at ease in the Smarck Michel government.

Further on Resignation

PA2601000095 Madrid EFE in Spanish 2304 GMT 25 Jan 95

[FBIS Translated Text] Port-au-Prince, 25 Jan (EFE)—Haitian Justice Minister Ernst Malbranche confirmed he tendered his official resignation from the post today, Wednesday.

Malbranche told reporters he made the decision "to leave the post to individuals who can be manipulated or are willing to violate constitutional principles."

He said that he will return to private practice as a lawyer and that he will dedicate himself to pending affairs of his ministry in the meantime, until the government of Prime Minister Smarck Michel appoints his replacement

A source who chose to remain anonymous told EFE yesterday that Malbranche reportedly had resigned due to differences with President Jean-Bertrand Aristide over the removal of certain judges.

He said Aristide wants to remove most judges, an action to which Malbranche was opposed, citing the Haitian Constitution, which establishes the permanence of the magistrates.

Aristide removed Public Works Minister Marc Henri Francois Rousseau last week and appointed Georges Anglade to replace him.

Senate President: Chamber Continues 'To Delay' Budget Vote

FL2601013295 Port-au-Prince Signal FM Radio in Creole 1230 GMT 25 Jan 95

[FBIS Translated Text] The president of the National Assembly, Senator Firmin Jean-Louis, said on Tuesday, 24 January, that the Senate is in a waiting situation as the deputies continue to delay the vote on the budget bill, and that this bill, as well as the electoral bill, has not yet reached the Senate. The 1987 Constitution requires the Chamber of Deputies to present a verdict on the draft budget before it can go to the Senate, says Jean-Louis, who hopes these two bills, the budget bill and the electoral bill, will soon be sent to the Senate.

Asked about possible scenarios after 4 February, the date when the Chamber of Deputies will leave Parliament and when the Senate will lose two thirds of its members, Jean-Louis explains that on that date, there will be nine senators in office and that they can therefore continue to sit on a regular basis. He pointed out, however, that the nine remaining senators will not infringe on certain restrictions imposed by the Constitution, notably relating to the vote of the texts of laws requiring a simple majority, or the presence of two thirds of the Senate. The Parliament not only creates legislation, it has also a say in all the big political decisions of the country, according to Jean-Louis, who adds that a meeting between representatives of the three large constituent bodies of the state is necessary to find a modus operandi on the governability of the country after 4 February. While evoking Article 136 of the country's Constitution, which compels the country's president to see to it that the Constitution is respected and executed, and that the country's institutions are stable, Sen. Jean-Louis said he took the initiative of... [pauses] he should take the initiative of convening the various bodies of the state so the executive power can function normally after 4 February.

Deputies Form Commission To Examine Electoral Law

FL2501232095 Port-au-Prince Signal FM Radio in Creole 1230 GMT 25 Jan 95

[FBIS Translated Excerpt] The Chamber of Deputies worked consistently on 24 January, having formed, on 23 January, a commission to examine the electoral law brought to Parliament by the executive. [Words indistinct] after the resumption of activities within the Chamber of Deputies. This commission is composed of 11 deputies, including socialist Yves Pericles Beauge, Denis Saint- Fort, Laveaux Jean-Baptiste, Saurel Jacinthe, and Edmond Myrold. This commission worked on 24 January and is due to convene the members of the Provisional Electoral Council [CEP] concerning implementation of the electoral law. The members of this commission presented a report of their meeting with the CEP to the assembly of deputies on 24 January [as heard]. [passage omitted] It should be pointed out that Chamber of Deputies President Frantz Robert Monde called all deputies to vote on the laws before 4 February.

Demobilized Soldiers Paid To Attend Job Orientation

FL2501231995 Port-au-Prince Radio Metropole in French 1700 GMT 25 Jan 95

[FBIS Translated Text] The Ministry of National Defense has directed the demobilized soldiers of the former military to the registration centers for the new-job orientation process.

In a news release issued on 24 January, the Ministry of Defense also committed to paying a monthly salary to

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the demobilized soldiers who register at the centers provided for this process. Those who were posted in Croix-des-Bouquets and La Gonave will be received in the Croix-des-Bouquets barracks on 25 January. On 26 and 27 January, the former military posted in Petit Goave and Archaie will also be received at the Croix-des Bouquets barracks. Those who were posted to Army Headquarters and the Dessalines barracks will be received on 1, 2 and 3 February at the Dessalines barracks. Former policemen, technical service, and instruction center employees will be received on 6, 7 and 8 February in the Carrefour district.

Profile of New Police Force

FL2601000695 Port-au-Prince Radio Metropole in French 1700 GMT 25 Jan 95

[FBIS Translated Excerpt] Recruiting for the new police force continues. Examinations for police candidates have already taken place in several provinces. For Port-au-Prince, these examinations will begin on 26 January. Only the candidates whose names begin with the letter A will be received on 26 January at the application center on Delmas 105. The other applicants will be advised of their test dates through the media. The Justice secretary of state, in charge of organization and functioning of the new Haitian police, guarantees that this new corps will be civilized and well trained. Following are more details in a report by Clarence Renois:

[Begin Renois recording] The recruiting and admission tests for the creation of a new Haitian police force have already begun in the provinces and the echo has already been heard in Port-au-Prince. The 15,000 candidates registered in the capital will begin testing on Thursday, 26 January. Selection is very rigorous, and is assured by members of the international police. Haitian Justice Secretary Leon Jeune, who is currently in charge of the national police, interprets the involvement of the foreign policemen in the recruiting and testing as a form of participation in the implementation of this police corps that never before existed in Haiti. To select the best elements of the 23,000 registered candidates and to form a civilized police corps are the objectives of the Haitian authorities, according to him. Only 375 police students will be recruited per month, to be trained at the police school or academy. The new Haitian police thus trained will comprise 7,000 members, or one policeman for every 1,000 inhabitants.

To create a new police force, but also to present a new image of the Haitian armed man: Justice Secretary Leon Jeune explains that the concern of the government is to create a corps more familiar and closer to the civilian population. For this reason, the new Haitian policemen will not necessarily be lodged in barracks, but also in simple houses. [passage omitted]

The members of the former Haitian Army who were kept for the new interim police force also have a chance to integrate with the new police, but under certain conditions. The first group of new Haitian police to graduate from the academy in three to four months will be trained from French, U.S., and Canadian models. Leon Jeune, the current chief of this new corps, says that the new Haitian policemen will be trained in the best school and will benefit from the police instructors currently in Haiti. [passage omitted]

A year will be required to train the new Haitian police and place them throughout the Republic. Meanwhile, the interim police have assumed the task of security and order on behalf of the multi-national force, which will soon be taken over by the UN Mission in Haiti. The new Haitian Army is to be retrained. Its leaders are currently working on a restructuring project for the institution, which has been reduced to 1,500 men. [end recording]

Prime, Finance Ministers To Meet Sponsors in Paris

FL2501225795 Port-au-Prince Radio Metropole in French 1145 GMT 25 Jan 95

[FBIS Translated Text] Haitian Prime Minister Smarck Michel is traveling to Paris. Smarck Michel is leaving Port-au-Prince on Wednesday to participate in the meeting of Haiti's sponsors on 30 and 31 January in the French capital. In addition to the prime minister, Minister of Finance Marie-Michele Rey will also be going to Paris. Smarck Michel will be accompanied by a delegation consisting of his Cabinet Chief Philip Rouzier and Deputy Marjorie Michel Kernissan. During his stay in Paris, the Haitian prime minister will meet with officials of the French Government, followed by a trip to Washington to visit the OAS and to meet with members of the U.S. Congress. On 3 February, Mr. Michel will be in Miami for a meeting with the Haitian community. He is expected back in Port-au-Prince on 5 February.

Expects 'Firm Commitment' From Sponsors

FL2501233195 Port-au-Prince Radio Metropole in French 2000 GMT 25 Jan 95

[FBIS Translated Text] Prime Minister Smarck Michel announced that he is expecting a firm commitment with dates, not promises, from the meeting with Haiti's sponsors on 30 and 31 January in Paris. The head of the government stated this during a news conference a few hours before his departure for France, where he is due to meet with President Francois Mitterrand and Prime Minister Edouard Balladur.

Smarck Michel said: The government and the Haitian people are currently sitting on the edge of a swimming pool, risking death by sunstroke, while the international community tells us, and I quote: Plunge yourself in the water and we will rescue you.

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Foreign Secretary Explains U.S. Aid Package

PA2501135895 Mexico City EL FINANCIERO in Spanish 23 Jan 95 p 68

[Article by Mexican Foreign Relations Secretary Jose Angel Gurria Trevino]

[FBIS Translated Text] The president of the republic instructed me to return to Mexico City to report to him on the progress of consultations with officials of President Clinton's government and U.S. congressmen in Washington, D.C. President Zedillo also instructed me to report to the Mexican people on the current status of the package of guarantees, amounting to $40 billion, that President Clinton's government will submit to the U.S. Congress within the next few days.

The Mexican government does benefit from the package, but it is a domestic affair that the U.S. executive and legislative branches are deliberating. I want to stress that no issue whatsoever that would imply a violation of national sovereignty has been discussed.

The Mexican foreign secretary has the right and duty to direct the foreign policy of the Zedillo government. It is also an obligation of the foreign secretary to always promote Mexican interests abroad. This is a preeminent aspect of foreign policy, in general, and for Mexican-U.S. bilateral relations, in particular.

What Does the Package Consist of?

It is President Clinton's initiative, which the congressional leaders signed, that grants authority to the U.S. President to guarantee the Mexican Government's debt issues. [sentence as published]

The objective is for the Mexican Government to be able to reorganize the maturity of its debts to regain credibility and stabilize the financial and foreign exchange markets. The U.S. executive branch could be authorized to grant guarantees of up to $40 billion worth of foreign debt instruments. The amount of these guarantees is unprecedented; it represents approximately 12 percent of our country's estimated GDP for 1995.

The Mexican Government will be able to issue dollar notes guaranteed by the U.S. Government and to sell them in the domestic and international markets with the certainty that at maturity these notes will be paid regardless of any eventuality.

The responsibility of paying the capital and the interests lies with the Mexican government. The U.S. government will incur this obligation only if the Mexican government is unable to do so.

Overindebtedness and solvency are not Mexico's problems. Mexico can make payments. We must recall that even prior to the devaluation, the Mexican Government's debt represented 40 percent of the GDP, while the average public debt of OECD-member countries is 60 percent.

What is happening now is that the public debt, especially the so- called tesobonos [treasury bonds], mature within too short a period of time. The objective is to stagger payments so that the markets will accept the notes more easily. As we eliminate the short-time maturities, investors will be able to analyze the real growth potential of the Mexican economy in the future.

1. Financial Cost

The financial cost of this operation consists of a "commission" for the guarantee. The method for estimating the commission is simple: It is necessary to make the total amount of the guarantee, including the commission paid to the United States, equal to the one Mexico paid to the markets prior to the crisis. Mexico will invoke this guarantee only when it is needed to achieve the stabilization of its markets.

The mechanisms agreed on with the United States do not lead to the use of the guarantee; they are designed to help Mexico stabilize its markets on its own as soon as possible. The guarantees are available for 12 months and could be extended for six more. They will allow Mexico to issue debt notes in up to 10-year terms.

2. Form of Payment

Our payment responsibilities in no way jeopardize the nation's sovereignty. There is a misunderstanding on this aspect of the package. Nothing that would jeopardize our energy policies nor the sovereignty of our natural resources has been discussed.

In the unlikely event that Mexico is unable to repay the debts guaranteed under this mechanism and the United States has to pay, there must be a formula to ensure that Mexico will recover its resources. [sentence as published]

The mechanism consists of an agreement by which payments for oil sales return to our country through a Bank of Mexico account at the Federal Reserve Bank in New York. That way, if the guarantee system is activated and the United States is forced to make a debt payment on Mexico's behalf, the payment of our obligation can take place.

What must be made clear is that in no way is this mechanism an attempt to determine our oil policy, and at no time is our sovereignty over our resources violated. The funds from the sale of crude oil will continue to be sent to our country, and they will be invested according to what has been authorized. Only if the Mexican Government fails to meet its debt payment obligations would the payment mechanism by means of future accounts receivables be implemented.

Pemex [Mexican Petroleum] will not be privatized, and there will be no external controls over our decisions on oil drilling and oil use. The nation's assets will not be endangered.

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3. Commitments

The question that immediately comes to mind is what is required of us in exchange for this unprecedented package of guarantees?

Our commitments would be the following:

a. To use the resources to stabilize the economy and the financial and exchange markets. This is not a credit to finance our current account and will not increase Mexico's debt.

b. In the very remote possibility that Mexico is unable to meet its obligations and the United States must do it on our behalf, the mechanism that has been established regarding income from oil sales would be activated. This formula would be in effect between today and the year 2005. That is why it has to be well established now.

c. Throughout the entire process, it will be necessary to exchange economic policy information. We will continue to implement a healthy economic policy with fiscal, public expenditure, and deregulation practices consistent with what the Mexican Congress has approved for 1995.

The package seeks the stabilization of our financial markets and the recovery of confidence in Mexico so the Mexican economy can return to the path of sustained growth.

By recovering trust in Mexico, we all win. That is why stability in our financial and exchange markets is necessary. By generating trust we will be able to get the economy back on track and we will establish the necessary conditions to promote the welfare of the Mexican people.

Bilateral Aspects

In a situation that involves a large number of U.S. legislators who are unfamiliar with the impressive progress made in bilateral relations, it is important to analyze the cooperation between the two countries. It is important to identify what has already been achieved and the areas in which we can continue to work to increase that cooperation. Many of the new U.S. legislators do not know about these topics, not even the most general aspects.

Concerning the bilateral agenda, we have decided to conduct a periodic evaluation of the implementation of existing treaties and agreements in the following areas: the fight against violence at the border, immigration, drug trafficking, prisoner exchanges, extradition, and NAFTA mechanisms such as the Development Bank of North America and the Commission for Environmental Cooperation. The idea is to show U.S. legislators the importance of Mexico and its prosperity. These topics, however, will not be part of any conditions in the legislative package. Reference will only be made to certain areas of bilateral cooperation.

Timetable

President Clinton's administration could send the package of guarantees to Congress for its vote in the next few days. We have reason to be optimistic about its approval. It is important to note, however, that there are at least three internal matters that the U.S. Congress will discuss in the next few days: the president's address (State of the Union Address), laws for which no financing has been provided (unfunded mandates), and the constitutional amendment to force the executive branch to balance the federal budget (balanced budget amendment). The above leads us to believe that the package on Mexico could be discussed late this week or early next week.

Further on Aid Package

PA2601034895 Mexico City Radio ACIR Network in Spanish 0000 GMT 26 Jan 95

[Report by Juan Carlos Santoyo from the "Evening News Panorama" newscast]

[FBIS Translated Text] [Announcer Jose Cardenas] How long does it take you to have breakfast? It usually takes us 15 or 20 minutes, 30 minutes tops when the breakfast is real good, right? Well, it took someone five hours today; that is, Foreign Secretary Jose Angel Gurria Trevino, who was accompanied by a number of guests who were asking too many questions. I am talking about the deputies who invited him to learn what Mexico is doing to negotiate the guarantee, or aid, of up to $40 billion the U.S. President is offering and, as we know, will not come free. They are going to ask something in exchange for this favor.

The foreign secretary told legislators in this long breakfast he is fully confident the U.S. Congress will give its backing to Mexico by approving the economic aid of up to $40 billion, as I said. Jose Angel Gurria Trevino also stressed the point to the legislators that Mexico will not accept for any reason conditions imposed by political pressures that may undermine the country's sovereignty, in reference to the credit which may be authorized.

His remarks came in support of last night's statement by President Ernesto Zedillo, who said there are four nonnegotiable conditions regarding any assistance pact to ease the economic emergency. Since early this morning, Juan Carlos Santoyo closely followed this breakfast, where coffee, buns, eggs, and I do not know what else were served. Tell us, Juan Carlos. Good evening.

[Santoyo] Good evening, listeners. The menu included plenty of eggs, coffee, bacon, and much more, but, undoubtedly, there were also plenty of explanations and very clear explanations. A word stands out from the whole event for the majority of legislators and those present at this breakfast that the Foreign Relations Committee members held with Foreign Secretary Jose Angel Gurria Trevino, and a great deal of what Mexico

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will be able to do in the future will hinge on it. That word, undoubtedly, is confidence.

The foreign secretary said recovering confidence in Mexico hinges on the $40 billion financial rescue plan offered by the United States. In that way, confident investors will bring their capitals, the foreign exchange market, the stock market on the matter of jobs, and mostly a more stable outlook for our country. [sentence as heard] He said Mexico will be able to achieve a real and sustained economic growth in this way.

Speaking to deputies from the four political parties represented in the Chamber of Deputies, he acknowledged that the conditions the U.S. Government is demanding be met as guarantee do not mean that the nation's assets will be compromised or that it is accepting shady deals or pacts.

Gurria Trevino talked about the goals sought with the financial rescue plan, which, he explained at different times, must not be viewed as contracting new debts:

[Begin Gurria recording] The goal of this package, as I just said, is to stabilize markets. Stabilizing financial and exchange markets is merely a precondition to recover confidence. When markets are excessively volatile, confidence obviously erodes. Confidence is not just related to stock market prices, the price of the peso, or interest rates but also to a series of decisions, investment decisions, business decisions, the creation of jobs, exports, strategic alliances, and the exploration of other markets. All those decisions are inhibited or deferred, at least, as long as there is insufficient confidence in the markets. That is the reason why it is fundamental to resolve the problem of the short-term maturities so we can then go on to recover confidence. [end recording]

[Santoyo] The foreign secretary referred to what would happen if Mexico were unable to pay the Tesobonos [Treasury Bonds], which it will issue with a 10-year maturity date on time and in the agreed on terms. This point is where the U.S. guarantee comes in. He said the U.S. Government will immediately put into action a mechanism to collect payment based on the revenues of Mexican oil sales. The official said this is a remote possibility, because our country has proved to be a good payer. This collection formula, in case of noncompliance, would be in force—and he spotlighted this point—until 2005, when the U.S. guarantee runs out.

The official told the legislators what the financial cost of this backing by the U.S. government is and what Mexico will have to pay at a given time.

[Begin Gurria recording] How much will it cost us? It will cost us in two different ways. There is a relatively modest commission to be established so that resources can be available, for the time during which they are available, and so that Mexico alone will decide how much it wants to use. This point has been called the commitment commission [comision de compromiso] and is relatively modest. We have a commission solely for the amount used. We are not, obviously, going to spend 10 years paying a commission on $40 billion when we only used $10 billion, $15 billion, or $20 billion, or $26 billion to replace.... [pauses] In sum, the dictates of the financial strategy will [end recording]

[Santoyo] In view of insistent criticism by opposition deputies, he said this package will not constitute a mortgage burden for our country. The foreign secretary clearly said: Mexico has no problem of being overly indebted or a solvency problem. We as a nation have the capacity to pay.

At the end of the meeting, which lasted over four and a half hours, a minor incident took place when the news media representatives tried to interview the foreign secretary. He first tried to dodge our questions, but, after some pushing and shoving, he agreed to return to answer some questions.

He confirmed during this interview that the guarantee mechanism will at no time establish our oil policy or exert pressure to make Mexico change its policy on the exploitation and use of petrochemicals. He dismissed the rumor that some people in the United States are pressuring to make our country sign in secret—and he said this would not be accepted under any circumstances—a memorandum of understanding that would force us as a nation to abide by certain political conditions. These conditions will not be established, nor will they be accepted. If they do exist, the first thing we will do is reject them.

Pemex Needs To Cover $400 Million Debt in 1995

PA2501003695 Mexico City REFORMA in Spanish 23 Jan 95 p 5A

[Report by Gabriela Amador]

[FBIS Translated Text] According to official sources, this year Mexican Petroleum (Pemex) will only have to cover overdue debts of approximately $400 million.

In order to meet this obligation, Pemex has a $250 million line of credit it had previously acquired for contingencies and will obtain additional credits of $150 million.

Pemex is currently in a healthy situation compared to other enterprises, as most of its debt is due in December, except for $150 million which must be repaid in June, the sources said.

This is basically because Pemex repaid a large part of its debt in 1994. As a result it acquired more than $3.7 billion in new credits.

Out of that debt, $1.1 billion is in the form of bonds placed in different international markets and the rest related to various lines of credit issued by foreign financial institutions.

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The sources noted that in view of the economic situation and the lack of interest abroad in Latin American debenture bonds, they do not foresee future placements of Pemex bonds.

They added that the process that Pemex had initiated before the U.S. SEC to register the placement of $250 million in Yankee bonds has been suspended. Duff and Phelps had given Pemex bonds a triple B rating.

With regard to budget cuts, the sources said this will not seriously affect Pemex, considering it has already indicated that all the funds originally budgeted will not be used.

In none of the past three years has Pemex used its entire budget. Now that it has been increased, it is not expected to be entirely used, the sources noted.

They denied, however, that projects scheduled to begin this year would be postponed or that Pemex would reduce its spending and investments.

Deputies Authorize Issuance of $26 Billion in Bonds

PA2501185395 Mexico City NOTIMEX in Spanish 1630 GMT 25 Jan 95

[FBIS Translated Text] Mexico City, 24 Jan (NOTIMEX)—The Mexican Chamber of Deputies has authorized the Federal Government to obtain credits or issue bonds—such as the Tesobonos [treasury bonds]—for up to $26 billion during 1995.

According to a document approved by the legislators, a ceiling was set for the public debt that is incurred through the issuance of notes tied to foreign currency (Tesobonos).

The ceiling was established in the document on reforms to the Federation's revenues law that was approved by the Chamber of Deputies. The document includes the provision that no financial operation can be carried out if it infringes on Mexico's national sovereignty.

At the same time, during a closed-door session, the deputies approved an act that reforms, expands, or repeals several dispositions of the law to regulate financial groups, the law on credit institutions, and the stock market law.

The act also ratifies the authorization granted to the president of Mexico to incur indebtedness equivalent in pesos to $5 billion, which will be tied to the fluctuation of the dollar and will not imply an additional debit.

Nevertheless, the act says that if measures of this type are used excessively they will pose a serious risk to Mexico's public finances and, in the event of a devaluation, to its international reserves.

Loan Portfolio Study Shows Banking System 'Deterioration'

PA2001204895 Mexico City EL FINANCIERO in Spanish 18 Jan 95 p 6

[Report by Myriam Hazan]

[FBIS Translated Text] Although the profitability of Mexican banks increased from 8.4 percent to 13.5 percent in 1992, it dropped to 10.6 percent between January and September 1994 because of variations in the foreign exchange rate and interest rates, as well as an increase in the overdue loan portfolio.

Banks that have maintained a high level of profitability since 1992 are Banamex [National Bank of Mexico], Promex, Banorte, and Banoro [expansions unknown]. Between January and September 1994, the banks showing increased profits were Banorte with 21.9 percent, Banoro with 22 percent, Bancreser [Banco de Credito y Servicios] with 27.3 percent, and Serfin [expansion unknown] with 13.2 percent.

A study conducted by the Economists and Associates Group (GEA) on the Mexican banking system three years after privatization revealed that the banking system registered a significant decline because of an increase in the overdue loan portfolio, which rose 69 percent from 6.4 percent in 1993 to 10.8 percent between January and September 1994.

The report notes that a high level in a bank's overdue loan portfolio affects its liquidity, because by not collecting interest on overdue loans, the bank fails to receive income to cover debt obligations.

Consequently, the document added, the bank must use income from other sources, which in many cases is more costly.

This analysis outlines the difficulties that Mexican banks will face under current circumstances. This is particularly true when considering that several analysts have predicted a significant increase in the overdue loan portfolio this year and great difficulty in repaying debts, especially credits in dollars.

According to the GEA, the policy to register a loan as mature varies from one bank to another. In some cases, successive renewals of loans are made, and consequently they are not shown as mature. Therefore, this must be considered when comparing overdue loan portfolios among banks.

A bank that resorts to this practice, however, cannot do so on a permanent basis. Therefore, an analysis of the overdue loan portfolio during an extended period provides information about the system's health.

If we analyze the behavior of this indicator between 1992 and September 1994, we can see that the only bank that showed an absolute reduction in this indicator was Bancen [Banco del Centro], from 17 percent to 10 percent.

Meanwhile, in the system as a whole the net overdue loan portfolio in relation to capital increased from 33 percent in 1992 to 59 percent at the closing of the third quarter of 1994.

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"This substantial increase justifies the concern of investors and analysts regarding the financial situation of the banks, because even if differences in the registered overdue loan portfolios are considered, the deterioration of the banking system is evident," the study explains.

As for the composition of the portfolio, during the period analyzed, a tendency to reduce unguaranteed credits was noted.

Banamex, IDB Establish Trust Fund for Production Projects

PA2201044695 Mexico City UNOMASUNO (ECONOMIA Supplement) in Spanish 20 Jan 95 p 6

[FBIS Translated Text] Banamex [National Bank of Mexico] and the Inter-American Development Bank [IDB] have set up a trust fund called the Fund for the Development of Production Projects in Rural Areas of the Mexican Republic [Fondo para el Desarollo de Proyectos Productivos en las Zonas Rurales de la Republica Mexicana]. The fund will manage $12.2 million for production and job creation.

Banamex will be manage the trust fund, which has a seven-year contract that can be renewed for five years if the two parties agree.

The trust fund's initial capital consists of a $5 million contribution from each of the parties which agreed to promote and support self-sufficient production projects. The main feature of these projects is to create permanent jobs and provide sufficient income for those who will benefit from them.

The methods of support provided by these resources include granting loans, contributing risk capital and/or guarantees, and providing support through guarantee funds.

In addition, the Banamex Social Development Fund and the IDB donated $1 and $1.2 million, respectively, to draft projects, conduct studies, and train and provide technical assistance to producer organizations.

Secretary Says No Obligations Placed on Oil Reserves

PA2201041395 Mexico City REFORMA in Spanish 20 Jan 95 p 19A

[FBIS Translated Text] Energy Secretary Ignacio Pichardo Pagaza has said that the collateral guarantees for certain financing processes involving rights to collect foreign oil sale proceeds are financial practices that in no way imply there are obligations on the hydrocarbon reserves.

During a meeting with legislators on the Chamber of Deputies Energy Committee, the government official agreed with deputies on the need to preserve the country's sovereignty over its energy policies.

Francisco Curi Perez Fernandez, a PRD [Party of the Democratic Revolution] deputy and president of the Energy Committee, explained that the legislators had agreed that oil must not be the foundation of the negotiations for a package of guarantees worth $40 billion for Mexico that the U.S. Congress is about to pass.

Secretary Pichardo reminded the deputies of the many ways in which the private sector could invest in the electricity sector, including self-supplying, co-generation of electricity with surpluses for sale to the Federal Electricity Commission, small generators, and independent producers.

Project Merida III will be the first plan to allow private sector participation in the generation of electricity on a large scale, the energy secretary reported.

At the end of the meeting, Perez recommended that they close ranks to keep the public image of the Mexican Petroleum Enterprise as a pillar for national development and a model of efficiency.

UK Ambassador Says British Investors Believe Crisis Temporary

PA2501183495 Mexico City NOTIMEX in Spanish 2016 GMT 24 Jan 95

[FBIS Translated Text] Mexico City, 24 Jan (NOTIMEX) - British Ambassador Adrian Beamish said today that British investors will continue with their plans to invest in Mexico because they are confident that the economic setbacks will be overcome in a few months.

Beamish said the Mexican crisis is temporary and that in the next few months the country will recover the growth levels registered over the past few years.

He said: "Mexico has proven to be a solid country. This is confirmed by the economic changes that have taken place over the past 10 years. That is why (British) investors believe the economic setbacks will be overcome in a matter of months."

The British ambassador was referring to the financial crisis Mexico facing since December, when the Central Bank released the peso-U.S. dollar exchange rate, thereby prompting a sharp devaluation of the local currency as well as a drop in the federal reserves.

Referring to the $40 million [figure as received] credit that the U.S. Government is considering granting Mexico to help it overcome the crisis, Beamish said he is confident that the U.S. Congress will approve it in the next few days. The British diplomat also believes that Mexico's participation in NAFTA (with Canada and the United States) puts it in a good position to overcome its financial problems.

After signing a cooperation agreement on behalf of the British Council in Mexico with six universities in southeastern Mexico to teach English, Beamish announced that all the investment programs scheduled for this year will be carried out.

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Great Britain has an investment of $3 billion in various sectors in Mexico, which makes it the second largest investor—following the United States—and the top European investor in Mexico.

In the first nine months of 1994, Mexican-British trade rose to $712.25 million—$448 in British imports and $264.25 in Mexican exports.

Beamish said Mexico's current financial crisis is not going to affect former Mexican President Carlos Salinas de Gortari's bid to head the new World Trade Organization.

Salinas is competing for the post with former Italian Trade Minister Renato Ruggiero, who is supported by the European Union, and with South Korean Trade Minister Kim Chol-su, who is supported by the Asian nations.

Former Envoy to Cuba Says Investments Will Increase

PA2501041795 Mexico City NOTIMEX in Spanish 1857 GMT 23 Jan 95

[By Gerardo Arreola]

[FBIS Translated Text] Havana, 23 Jan (NOTIMEX)—Carlos Tello Macias, who has concluded his assignment as Mexican ambassador to Cuba, said here today Mexican investments in Cuba, which amount to approximately $1.5 billion, will increase despite the financial crisis in his country. The diplomat told NOTIMEX there are projects for the exploitation of nickel and the export of electricity in addition to Mexican investments in the telephone, glass, oil refinery, and cement sectors in Cuba.

Tello Macias, a 56-year-old economist, has been appointed general director of the National Indian Institute (INI) in Mexico and traveled to his country this Monday. He said relations between both countries were "intense, solid, and covered many aspects." He added that with the new projects—the Carso Group will extract nickel and a firm from the northern Monterrey city will produce and export electricity—the investments of Mexican capital in Cuba could reach $1.7 billion.

Tello Macias rejected as "absurd" the attempts made by U.S. congressmen to condition the approval of a line of credit to back Mexico's economic emergency program with a change in that country's relations with Cuba. "One thing has nothing to do with the other. Mexico has never been and is not willing to negotiate its sovereignty or the sovereign act of maintaining or not intense, diplomatic, political, and commercial relations with another country," he added. "Obviously, there are people who would want relations between our countries not to be so solid or intense, but they are mistaken, because Mexico's foreign policy is based on principles," said the coauthor of "The Fight for the Nation." Tello Macias, who represented his country here for the last 10 months, said that bilateral ties also grew stronger last year and that "I am convinced they will continue to do so during the government of President (Ernesto) Zedillo."

He said, however, Mexican tourism to Cuba, 70,000 travelers last year, will be affected with the economic situation in Mexico. He also said his country's exports to Cuba will be "more competitive."

Yearly trade between both countries amounts to approximately $100 million, and the trade balance favors Mexico, which exports automobiles, textiles, cotton, medicines, plastic goods, and electrical material, among other products, to the island. Tello Macias said Cuba's sales to Mexico, which include medicine, liquor, thread, fabrics, among the most important, will continue, "because Cubans are very reliable. They will be affected but not significantly."

The Mexican diplomat, who spoke with President Fidel Castro for two and one- half hours on 20 January, said they had "reviewed various aspects of relations between both countries." Castro was concerned "with Mexico's difficult economic situation. The entire conversation was cordial and affectionate," said Tello Macias, who has also represented his country in Portugal, the former Soviet Union, and Russia.

Tello Macias recalled that during his "brief but very intense" period in Cuba, Mexico's main investments in Cuba had been set up, 250 joint scientific investigation projects had been agreed, and 150 Cuban scholarship students had traveled to Mexico, among other results.

Mexico is Cuba's main partner in academic, cultural, scientific and technical, and sports exchange, one of its four main providers of consumer goods, and the source of the most substantial individual investments on the island.

Repercussions of Financial Crisis Felt in Cuba

PA2501043195 Mexico City REFORMA in Spanish 23 Jan 95 pp A-13, A-16

[Report by Roberto Cespedes]

[FBIS Translated Text] Havana—In addition to becoming a headache for Mexican managers who often hire Cuban artists and musicians, Mexico's financial crisis has also punished the revenues of Cuban companies operating in Mexico.

The setback in Mexican finances is keeping Cuban authorities concerned, because they have given Mexico a strategic place in the plans for Cuba's economic reactivation.

Cuban Foreign Ministry Spokesman Miguel Alfonso told REFORMA only a few days after the abrupt December devaluation: "It is still too soon to assess the repercussions of the crisis, but we trust very much in the seriousness of Mexican businessmen."

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Castro's government has joint investments with Mexican businessmen for almost $2 billion in telecommunications, oil refining, tourism, cement, and, more recently, the glass industry.

Havana even agreed when it signed the agreements to renegotiate its foreign debt with Mexico, which amounts to $310 million, through the "swap" system, which involves the exchange of debts for infrastructure and direct investments.

Cuban and Mexican businessmen have maintained so far that big joint ventures remain intact, although the joint enterprises agreed on are yet to be formed in certain cases. This matter basically involves associations between the Cuban Telecommunications Enterprise (ETECSA) and Monterrey's Grupo Domos Internacional to reorganize the local telephone system with an investment of $1.4 billion and the joint venture agreed on by Cuba Petroleo (CUPET) and MEXPETROL to run a petroleum refinery in Cienfuegos Province.

According to available data, the Cuban Foreign Investment and Economic Cooperation Ministry is now reconsidering more than 10 basic industry, food production, and tourism projects involving mixed Cuban-Mexican capital, probably to postpone their implementation.

The financial tremor in Mexico has busted two of these projects. The Del Valle Company and the Taoro Cuban Enterprise have canceled an agreement to produce tropical juices, and the enterprise Magdalena has reconsidered its plans to fabricate cardboards and derivatives in Cuban factories.

Local sources admitted at least five Cuban enterprises operating in Mexico are suffering significant losses as a result of the crisis. The cases of Copastel and Servimed, which market Cuban electronic equipment and medicine, respectively, have been mentioned in particular. Both of them had their accounts in Mexican pesos.

Tourism Collapses

The worst setback for the Caribbean nation has been the abrupt drop in the influx of Mexican tourists, which with more than 50,000 vacationers in 1994 has become Cuba's fourth most important tourist market. The end of the year jolt hit all the links of the tourist chain, beginning with the plans thousands of Mexicans had to visit Cuba and the drop in the income of airlines and tourist agencies.

The first to feel the adverse impact were the airlines. Mexicana de Aviacion flights dropped by 20 percent, according to airline officials, and Cubana de Aviacion, which had to withdraw a DC-10 with 310 seats from that route, was unable to sustain the drop in business and canceled almost 60 percent of its charter flights between the two countries.

Vinales Tours, the number one travel agency for trips to Cuba, is one of the most adversely affected. Data provided by its general manager, Jose Manuel Covarrubias, lists January figures only: eight charter flights canceled and a drop of almost 60 percent in the number of people traveling to Cuba. This agency serviced up to 1,300 tourists every month before the devaluation. Optimistic estimates speak of 400 vacationers for the same period.

While there is no definitive overall estimate for the time being, estimates do mirror a drop of almost 50 percent in Mexican tourism to Cuba. Mexican tourism to the island in recent years had been growing at a pace of almost 20 percent annually.

Good-Bye to Sports Agreements

There was an announcement around the middle of the week about drastic cuts in sports agreements between Mexico and Cuba as a result of the crisis.

Former President Optimistic About Economic Plan

PY2401030193 Rio de Janeiro O GLOBO in Portuguese 22 Jan 95 p 46

[Interview with former President Carlos Salinas de Gortari by Deborah Berlinck; place and date not given]

[FBIS Translated Text] [O GLOBO] Brazil, just like Mexico, has chosen an economic plan strongly based on the exchange policy. Does Brazil run the risk of having a crisis similar to that in Mexico?

[Salinas] Brazil is in the first days of a very solid new administration. President Fernando Henrique Cardoso has presented a very serious government program to the people and I can see very positive prospects.

[O GLOBO] Considering the recent Mexican experience, why are you so optimistic regarding Brazil?

[Salinas] In view of the good quality of the plan. Brazil's solidity is based on its large productive capacity. In addition, Brazil has always been a great exporter and has great penetration in the market.

[O GLOBO] Do you believe Brazil has already reached a competitive level that will allow it to maintain its trade balance surplus without having to devaluate its currency?

[Salinas] The countries of Southeast Asia have proven that competitiveness has no limitations. The battle for competitiveness must be fought daily.

[O GLOBO] Based on the Mexican experience, which of the errors committed by your country can be used as an alert for Brazil?

[Salinas] I would rather talk about what has worked out: Fiscal balance, the privatization process, and opening of the market. These elements have been very important in terms of allowing us to reach a level of exports that totaled $50 billion per year.

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[O GLOBO] Yes, but you ended your mandate with a deficit.

[Salinas] The important thing is that my administration managed to increase its non-oil exports by 21 percent.

[O GLOBO] Why has there been a crisis?

[Salinas] I leave these conclusions to be reached by the analysts.

[O GLOBO] Why are investments made in the markets of the emerging countries more speculative?

[Salinas] There are many differences in the markets of the emerging countries, and the types of capital are also different. Some are interested in short-term profit in the market and others are interested in medium- and long-term profit. Some still want to invest in production by importing products. Therefore, if imports are being financed by this sort of capital, each country's capacity to attract investors will depend on the evolution of the markets of the emerging countries as a whole.

[O GLOBO] But the Mexican crisis has caused general distrust in the investors.

[Salinas] The problem is that the interest rates in the industrialized markets are increasing so much that they have been competing with the profitability of the emerging countries' markets.

Government Secretariat 'Deeply Concerned' About Tabasco

PA2201013595 Mexico City LA JORNADA in Spanish 20 Jan 95 p 8

[Report by Salvador Guerrero Chipres]

[FBIS Translated Text] The Government Secretariat, expressing its "deep concern" about a likely confrontation among Tabasco residents, has called on the PRD [Party of the Democratic Revolution] and PRI [Institutional Revolutionary Party] leaderships to settle their differences through dialogue and has urged the parties to make a "commitment to nonviolence."

Three hours after issuing these statements, the secretariat issued a communique "recognizing the willingness to begin a dialogue to restore calm and peaceful coexistence," which is the attitude the government of Roberto Madrazo and the PRI and PRD leaderships took throughout the afternoon.

The Government Secretariat will reportedly "keep using its good offices to ensure that differences will be settled, without confrontation, while fully respecting the sovereignty of Tabasco State."

By 1700 the secretariat had already asked the parties to the conflict "to search for a solution" that would consider "the feelings and aspirations of all Tabasco residents," thus making "the return to normalcy in Tabasco" possible "to resume the urgent tasks of socioeconomic development."

The government institution maintained that mobilizations and "halts in the economy" hinder "good government, and, above all, damage the state economy," adversely affecting social life and tranquillity.

At the request of legislators and PRI leaders, the Government Secretariat "emphatically" denied rumors that the political agreements between the PRI and the PRD, as well as the efforts to avoid postelectoral conflicts, would end up prompting Madrazo's departure from the Tabasco government.

Following conversations with leaders of the two parties and Tabasco authorities, the secretariat underscored that as far as this case is concerned, its objective is "to search for talks that would prevent confrontations."

After two months of post-election conflicts, the Government Secretariat stated that the PRI's lack of conformity has complicated the situation to such a degree that "a political solution" must be found by "all those involved."

Government Secretariat Spokesman Alfonso Durazo called reporters to a meeting at 1720 to read the following communique:

"A number of groundless rumors and speculations about the consequences of the dialogue held by the PRI and PRD have been spread. Those rumors are false, and we emphatically reject them.

"The federal government is concerned that the dynamics of the events in Tabasco may lead to a civic confrontation that could have irreversible repercussions for the state.

"That is why the Government Secretariat urges the PRI and the PRD to hold talks to settle their differences, thus avoiding confrontations among the people of Tabasco."

A political situation in Tabasco requires "that the leaderships of the parties involved make a commitment of nonviolence and mutual respect," Durazo added.

"It is important to recognize that the rumors and mobilizations in that state reveal a political conflict, something which deeply concerns the federal government," he concluded.

Chiapas Governor Cited on Resignation, Peace Process

PA2201185295 Mexico City EL FINANCIERO in Spanish 20 Jan 95 p 35

[Report by Leticia Rodriguez]

[FBIS Translated Text] Chiapas Governor Robledo Rincon has said he will not resign as governor, because this is not a personal issue or an issue of "political pressure," but rather an issue of representing the interests of the various sectors that elected him.

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Likewise, he stressed that reconciliation in Chiapas cannot be determined by government decrees or personal preferences; rather, this is the responsibility of the 2.2 million inhabitants of the state.

Interviewed in the offices of the Trade and Industrial Development Secretariat, Rincon said the people of Chiapas "have become numb to temporary posts," considering there have been eight in three six-year periods. He added that Chiapas has taught a lesson to everyone who voted, but it is a lesson that the various sectors of society have been unable to interpret correctly or understand.

Robledo Rincon stressed that even though it is urgent that peace be established in the state, a process of reconciliation to resolve existing differences would provide a broader and more effective solution.

The Chiapas governor met with Trade and Industrial Development Secretary Herminio Blanco Mendoza to discuss the possibility of fostering development in the state through NAFTA.

Regarding the meeting between Government Secretary Esteban Moctezuma and Subcommander Marcos, the Chiapas governor said it was a very important step in rebuilding the state and the image of politics, because it establishes the possibility of peace in Chiapas and is hopefully "a door that opens the way toward an earnest and lasting peace in the state."

He made it clear that the problems of poverty and backwardness that Chiapas faces will be resolved only by attacking the problem through development, which is possible and viable in Chiapas.

Asked about the possibility that he would resign as governor, he said that all of the residents of the state are obligated to contribute toward achieving peace in Chiapas. He said he had given his opinion in the name of the people of Chiapas, who have indicated their agreement.

Rincon said that what is important is that the government contribute to the reconciliation of the people of Chiapas. This is the responsibility, and "we are pledged to that end. I issued a proposal before 8 December, when many sectors were expecting violence, and we have proven that this elected government is not the cause of the conflict."

Robledo Rincon said that lasting peace in Chiapas will require the reconciliation of all of its inhabitants. In turn, this peace will lead to more jobs and help meet the basic needs of the people.

Regarding the recently created Chiapas Fund, the governor said that among the investment projects for the state is the Pulsar Group project worth $500 million. Likewise, Rincon mentioned the Escobar Group project worth $50 million.

Rincon explained that the Chiapas Fund comprises 10 national business groups, including those led by Antonio del Valle, Carlos Slim, Raymundo Gomez Flores, Enrique Molina, and others.

In conclusion, Rincon explained that the meeting with the commerce secretary reviewed the different commercial activities in Chiapas and the importance of promoting economic development in the state by taking advantage of the benefits of NAFTA, specifically in terms of agricultural exports which would help solve major problems such as poverty.

PRD Threatens To Withdraw From National Political Agreement

PA2201150995 Madrid EFE in Spanish 2004 GMT 21 Jan 95

[FBIS Translated Text] Mexico City, 21 Jan (EFE)—The Party of the Democratic Revolution (PRD) today confirmed its threat to leave the National Political Agreement, which four political parties signed on 17 January, if the government fails to honor its commitment to resolve the conflict in Tabasco.

A PRD spokesman told EFE that the party is sticking to its conditions on the postelection conflict and will withdraw from the political agreement if local members of the Institutional Revolutionary Party (PRI) continue to oppose the commitments made by President Ernesto Zedillo.

The opposition party is demanding the resignation of the governor of the southeastern state of Tabasco, Roberto Madrazo; the creation of a new electoral body independent of the government; and a call for new elections. The Tabasco conflict began because of PRD claims of "fraudulent elections," which prompted negotiations between the PRD leadership and the government to find a solution—a solution that begins with the resignation of Governor Madrazo and a call for new elections.

The PRD spokesman reported that the party's Political Council will analyze the situation today but that a definitive position will be decided at a meeting to be held on the morning of 22 January in the Tabasco capital. A PRD delegation headed by Cuauhtemoc Cardenas will attend the meeting.

Many PRD deputies on 19 January threatened to withdraw from the pact signed in the presence of President Zedillo if the government fails to honor its commitment to convene special elections in Tabasco. However, demonstrations staged by PRI supporters halted the resignation of Madrazo and jeopardized the political pact.

A PRD deputy began spreading the rumor that President Zedillo had been the victim of a conspiracy hatched by members of his party to halt the agreement signed with the PRD and asked all of the members of his party to close ranks to support the president.

Jesus Ortega, the leader of the PRD deputies, said, "There is no possibility of reaching a political agreement

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to resolve the country's current political situation if these postelection conflicts remain unsettled."

Ortega insisted that the only possible solution "lies with the PRI and the government, which must honor the commitments made to the nation," and he urged PRI members not to put the economic interests of the groups to which Madrazo is committed ahead of the interests of the nation.

The legislator said a few PRI supporters in Tabasco are not the only ones who oppose changes; the country's conservative sectors also oppose them.

PRD: Crisis Must Spark Democratic Change To Prevent 'Anarchy'

BR2401162595 Barcelona LA VANGUARDIA in Spanish 22 Jan 95 p 6

[Interview with Democratic Revolutionary Party Chairman Porfirio Munoz Ledo by Joaquim Ibarz in Mexico; date not given: "Zedillo Must Opt for Transition Like Suarez Did"--first paragraph is LA VANGUARDIA introduction]

[FBIS Translated Text] Porfirio Munoz Ledo, president of the Democratic Revolutionary Party [PRD], felt vindicated when, last Tuesday night, he arrived at the presidential residence to sign the Pact for Democracy, for which he provided the direct inspiration. The PRD, which has been harassed and repressed so much during [former President] Salinas' term, emerged into the light and arrived at Los Pinos to contribute its proposals to the democratization of the country.

[Ibarz] Will the Los Pinos Pact bring democracy to Mexico?

[Munoz Ledo] That depends on the government's will and the resistance put up by the system's hardliners. The PRI's [Institutional Revolutionary Party] rebellion in Tabasco is jeopardizing the achievement of the pact and showing that it will not be easy to push it forward. The pact should be the beginning of the democratic transition. However, in 1994 we initiated the dialogue with similar commitments that were not fulfilled. The agreements of 27 January 1994 were presented to us like a new Moncloa Pact, but Salinas did not fulfil anything. Now it is very difficult for Zedillo to back out because the crisis runs very deep. There is no other way out but to move forward with the democratic reform of the state. There will be much interference and resistance, but we cannot back down.

[Ibarz] Why not?

[Munoz Ledo] Either we want state reform, or we do not. Mexico is going through a singular historic moment. Either we are capable of undertaking this reform and achieving democratic governability, or there could be a disaster. The system cannot take any more. "Presidentialism" and Salinas-type perversion have proven to be an unacceptable sham for the people. They feel seriously cheated. Mexicans want a new political model with growth, development, wages, and employment, but also one with democracy and freedom.

[Ibarz] Will the upcoming elections be clean and credible?

[Munoz Ledo] Without free and credible elections, there will not be a democracy that is worth anything. Zedillo has already said that it does not make sense to have an electoral reform if the PRD does not agree. We hope that he will carry it out. However, we are demanding a democratic reform of the state: reform the legal system, eliminate the corporate spirit, check presidential power, and lay the foundations for a new federalism. All this has to change, beginning with the electoral reform and the popular election of the mayor of the capital.

[Ibarz] Can the economic crisis lead to political change?

[Munoz Ledo] The crisis must generate a democratic change to prevent anarchy or a social explosion. This is the worse crisis and the worse political and economic time that Mexico has experienced in the last 50 years. It is so deep because the political model ran out a while ago, which put a stop to the economic model.

[Ibarz] Are you confident that Zedillo will assume the role of Adolfo Suarez?

[Munoz Ledo] Politics is not done based on faith, hope, or charity, but on facts. I am waiting to see what policy the president will follow. There are conditions for reform and for Zedillo to opt for the democratic tradition, as Suarez did in Spain. Mexico is faced with a choice: either move forward with a very deep-running political reform, or sink into civil confrontation.

[Ibarz] Does Zedillo have the strength to push the reforms forward?

[Munoz Ledo] I would put it the opposite way. If he does not carry out the reforms then he will be much weaker. Zedillo has a big chance to reply to the owner of the magazine PROCESSO, who said: "The president cannot do it." Democracy can strengthen him, and antidemocracy can weaken him further. Bolstering the constitutional regime with pluralism checks any putschist tendencies. Governability based on authoritarianism is not profitable for Zedillo, because it does not give him any political mobility. Instead it binds him to the old vices, the apparatus, and, above all, to the vested interests. Zedillo must make a leap forward or he will die politically.

[Ibarz] What is Salinas being accused of to warrant his going to jail?

[Munoz Ledo] Salinas must be sanctioned; the sentence should be decided by the judge. Impunity must no longer be protected. He must be tried for his authoritarianism and corruption. There must be an investigation into his participation in the murder of 300 of our militants. He

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must be judged on economic decisions that harmed the country greatly, the transfer of the nation's fixed assets to accomplices and allies, and his concealed role in the privatization of banks and dozens of companies that benefited his friends, thus creating a new oligarchy. His was the most perverse and harmful government in our history.

[Ibarz] What role will the PRD have in a transition democracy?

[Munoz Ledo] That depends on us. We were at the origin of the democratic pact and the political dialogue. The PRD is no longer simply anti-establishment, as some people would like. It has been transformed into a real opposition party, with proposals. It sits down at the negotiating table and influences the course of events, instead of just censuring or rejecting them.

Peace Observers Note Cease-Fire in Chiapas

PA2401041995 Mexico City NOTIMEX in Spanish 1538 GMT 23 Jan 95

[FBIS Translated Text] San Cristobal de las Casas (NOTIMEX)—The government and the EZLN have fulfilled the agreements required before the peace dialogue is established, the University Observers for Peace in Chiapas [Observadores Universitarios por la Paz en Chiapas] announced today.

Announcing the results of a tour of 15 municipalities in the southeastern state of Chiapas, the group said that among the agreements fulfilled are the cease-fire and the withdrawal of the Mexican Army and EZLN troops.

It believes that in this manner concrete steps are being taken toward the necessary detente for a permanent truce to lead to negotiations for a definitive peace.

Mario Alberto Avalos Gonzalez, vice president of the University Students Federation, noted that many charges have been made that the so-called "white guards" are carrying out intimidating activites against cattlemen and farmers of the region.

Observers recommended to state authorities that a verification mechanism be established that will lead to the disappearance of the "white guards."

He noted that it would be advisable if the Mexican Army retreats to new positions, in keeping with an operation that will not disrupt the daily activities of inhabitants.

They also asked that other groups of the civil society present in Chiapas to conduct observation tasks and thus contribute to more efficiency by the National intermediation Commission (Conai) to which the conclusions have been submitted.

The group carried out its work from 16 to 21 January in the municipalities of Larrainzar, Simojovel, Ixtapa, El Bosque, Bochil, Chicomuselo, Fontera Comalapa, Comitan, Amparo Agua Tinta, Ocosingo, Altamirano, Bachajon, Petalcingo, Yajalon, and Sabanilla.

Parties Discuss Conditions for Plebiscite in Tabasco

PA2401191695 Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 24 Jan 95

[From the "Early Morning" newscast]

[FBIS Translated Text] In Tabasco, the dialogue with the PRD [Party of the Democratic Revolution] has been suspended. PRD members established conditions for the holding of a plebiscite: They want Governor Roberto Madrazo to request a leave of absence.

The talks did not continue, but there is consensus about holding a plebiscite to determine whether Madrazo would remain at the government palace. However, there is one problem:

[Begin Manuel Lopez Obrador, former PRD gubernatorial candidate, recording] Our other condition is that Madrazo leave the post while the plebiscite is being organized. It would not be logical to hold a plebiscite with him in office controlling the budget. [end recording]

In fact, there is a basic disagreement over who will organize the plebiscite, a matter that must follow the local constitution and laws.

[Begin recording] [Madrazo] It was proposed that the plebiscite be held with the technical advice of the United Nations, the Federal Electoral Tribunal, and the six advisers of the Federal Electoral Institute, as well as the representatives of each of the parliamentary benches of the local congress.

[Lopez Obrador] As for international organizations, we cannot allow foreigners to come here and organize our plebiscite. I do not believe there is any need for that. We do not want it. [end recording]

The PRD members said they are waiting for a response in order to continue the dialogue. If there is no response, they added, they will continue their peaceful civic resistance.

Cabinet Changes Prompt 'Apprehension' Among PAN, PRD Members

PA2401221595 Mexico City REFORMA in Spanish 23 Jan 95 p 2A

[Report by Gerogina Solis and Miguel Angel Juarez]

[FBIS Translated Text] The cabinet changes announced yesterday by President Ernesto Zedillo following the dismissal of Public Education Secretary Fausto Alzati created apprehension and opposition from some PAN [National Action Party] and PRD [Party of the Democratic Revolution] members.

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PAN Secretary General Felipe Calderon Hinojosa said it is an ominous sign that so many cabinet changes have been implemented in such a short time.

He also indicated that with respect to Fausto Alzati's case, his removal as public education secretary was anticipated because his poor academic background weakened the administration's credibility even more.

Meanwhile, Ricardo Garcia Cervantes, the coordinator of the PAN deputies, said the president's measures unveiled last night indicated a lack of unity in the Zedillo administration and that the changes will only serve to cause more uncertainty.

During a recent telephone interview, the PAN coordinator stated that the resignation of Federal District Attorney General Ruben Valdes Abascal, who claimed to step down because of health reasons, had really surprised him.

"What would have happened if he was feeling fine? Moreover, Pichardo remains," Garcia Cervantes said.

He added that, on the other hand, the arrival of Francisco Labastida to the Agriculture Secretariat reduces the credibility of the new cabinet because of his tenure as Sinaloa governor, where he displayed a complete lack of sensitivity for democracy.

"With respect to the position he now occupies, we will have to wait to see if he knows anything about it. During his term as governor, a large number of Sinaloa farmers complained that his measures obstructed development," Calderon Hinojosa remarked.

Pressing Limitations

On the other hand, PRD leaders believe that Alzati's resignation constitutes evidence of Ernesto Zedillo's serious limitations and lack of control.

"Just a few days ago he removed Serra Puche, and now he shuffles four more. This shows that a terrible crisis and vulnerability exist in the Zedillo administration," Jesus Ortega pointed out.

The PRD coordinator indicated that this is an opportunity for the goverment to take up Cuauhtemoc Cardenas' proposal regarding changes in the cabinet.

"This shows that we were right and that there are individuals in the president's cabinet who should not be there," he stressed.

Pablo Gomez, president of the PRD National Council said that the crisis Zedillo is experiencing has no precedent in the country's history.

Raymundo Cardenas, a member of the PRD's National Executive Committee, noted that in order to overcome the crisis, the government must acknowledge that it is unable to govern the country and that it must change direction.

"The resignations and changes are evidence of weakness, as well as of the government's lack of competence, and this proves that the PRI [Institutional Revolutionary Party] and the government are responsible for the Mexico's instability," Raymundo Cardenas remarked.

Senators React Positively to Cabinet Changes

PA2401193395 Mexico City Radio ACIR Network in Spanish 0000 GMT 24 Jan 95

[Report by Juan Carlos Escovedo from the "Evening News Panorama" newscast]

[FBIS Translated Text] In general, the opposition parties in the Senate reacted very well to the cabinet changes. In various tones, PRD [Party of the Democratic Revolution] and PAN [National Action Party] senators termed the changes healthy and appropriate, particularly as regards the dismissal of Fausto Alzati from the Public Education Secretariat [SEP].

Hector Sanchez, PRD parliamentary coordinator, noted that the cabinet reorganization was foreseeable when Alzati explained that his doctorate was false. The PRD senator said that the new secretaries must give continuity to the government programs to strengthen the cabinet and stop undermining the credibility of the government.

[Begin recording] [Sanchez] I think it was right that he was dismissed. This was not a resignation but a dismissal.

[Unidentified reporter] [question indistinct]

[Sanchez] We cannot talk about whether it will be strengthened. It all depends on the new officials. It depends on their ability to follow the course the government has taken. But that does not depend on the secretariat but on the overall team. [end recording]

With regard to the cabinet reshuffle, PAN Senator Luis Felipe Bravo Mena described the change at SEP as healthy for the administration and the country's tranquillity. He added that the new secretary, Miguel Limon Rojas, has the experience in education to run that office. In general terms, said Bravo Mena, the changes were appropriate because it seems that the new officials have the knowledge to assume their offices.

With regard to the frequency of these changes in less than two months, the PAN senator commented that this proves that Mexican society is increasingly critical and severe and is demanding honesty from officials. He did not rule out the possibility of more cabinet changes in the future as a result of the people's demanding attitude. He said, however, that it is not advisable to make such changes so often, especially in the education sector, because education plans would be affected.

Government Secretary Sworn In as IFE President

PA2201001695 Mexico City XEW Television Network in Spanish 0430 GMT 21 Jan 95

[From the "24 Hours" newscast]

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[FBIS Translated Text] The budget for political parties registered in Mexico was authorized today. During a regular session, Government Secretary Esteban Moctezuma took the oath of office as president of the General Council of the Federal Electoral Institute [IFE].

[Begin Moctezuma recording] That is why the method to be pursued involves dialogue, consultation, negotiation, and agreement. [end recording]

He summarized in two points the main guidelines for change: definitive electoral reform and institutional reform.

Esteban Moctezuma swore in the six citizen councilmen who were ratified by Congress, as well as the six representatives from the chambers and the political parties.

Unanimous approval was given to earmark 357,285,690 new pesos for the electoral activities of four parties—PRI [Institutional Revolutionary Party], PAN [National Action Party], PRD [Party of the Democratic Revolution], and PT [Labor Party]—for the 1995 through 1997 three-year period. For this year, political parties obtained 10 percent less public financing than in 1994, given that there are no federal elections in 1995 except the elections for special deputies in Puebla District 4 and Veracruz District 22.

A little over 131 million new pesos have been earmarked for the parties this year based on the vote each obtained: PRI, 66,223,728.98 new pesos; PAN, 29,086,456.76 new pesos; PRD, 19,335,670.55 new pesos; PT, 7,719,074.41; Cardenist Front, 4,795,996.90; and Mexican Green Ecologist Party, 4,454,835.95.

In anticipation of the appointment of the new IFE general director, Agustin (Ricord), secretary general of the institute, has been temporarily appointed director.

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El Salvador

FMLN Coordinator Defends Peace Process, Calls For Agreement

PA2501160095 San Salvador Radio Cadena YSKL in Spanish 1330 GMT 25 Jan 95

[Report by Aviu Segovia; passages within quotation marks are recorded]

[FBIS Translated Text] Two people are dead and several are wounded as a result of today's occupation of several public offices, including the Legislative Assembly, by hundreds of members of Adefaes [Association of Demobilized Armed Forces Members]. The former soldiers were armed with sticks and machetes.

The Farabundo Marti National Liberation Front [FMLN] has expressed its position in defense of the peace process, which, according to FMLN coordinator Leonel Gonzalez, is being taken advantage of by its enemies, who have always yearned for continued violence.

[Begin Gonzalez recording] We must defend the peace process. The country's economic, political, and social position has deteriorated over the past few months to the point where numerous conflicts affecting various sectors have been created. In addition, numerous charges of corruption, tax evasion, and so on have been made. To this critical process the government has added in the past two weeks an economic plan that has been generally rejected by popular, professional, and business sectors. This has created new social and political tensions. [end recording]

Leonel Gonzalez believes attitudes should focus on sincere agreement to keep from falling into extremism.

[Begin Gonzalez recording] The situation has suddenly deteriorated, creating opportunities for forces that have always been against the peace and democratization process implemented by the agreement three years ago. The FMLN believes that the peace and democratization process needs to be defended while at the same time facing the acute economic and social problems that are the source of discontent among various sectors, including the worrisome and unpopular economic measures under the government's proposed plan. The solution to this situation can only be found through the broad and quick negotiation of specific conflicts and the national agreement on a economic and social development plan for our country. [end recording]

The left-wing leader, upon learning of the emergence of the self-styled Salvadoran Guerrilla Unity [Unidad Guerrillera Salvadorena], which declared itself against the economic measures and privatization, reiterated than deep down the intention of these groups is to justify violence with violence.

[Begin Gonzalez recording] Returning to the past with forceful or militarized actions will never be a solution. The FMLN calls on the government and all social and political sectors to promote this agreement. The FMLN especially calls on the government and these demobilized soldiers grouped under Adefaes to seek peaceful and negotiable paths toward solutions and to immediately do away with the current measures. We ask that Onusal [UN Observers for El Salvador] use its best offices to make these steps possible by eliminating the conflict through a negotiated solution. We establish in the communique that there are sectors here that have been looking for the moment to hinder the peace process. The peace process could be hindered by bringing armed forces into the streets, by believing that this is a difficult time and declaring a state of siege, or by trying to resume methods of struggle that we believe are inconsistent with this time.

We believe that a political struggle is what is needed at this time. An opportunity has been presented, but that does not mean we do not have to struggle for the difficult situation under which most people live. We do believe that the process is open and that we should boost this mechanism of struggle, which is the search through political understanding. [end recording]

Meanwhile, Adefaes Leader Mauricio Cornejo, accused the deputy security minister and the PNC [National Civilian Police] of trying to murder him, but another companion was targeted instead. He said that in the meantime the group will not budge and is prepared to face the Army from the public buildings if there is any attempt to dislodge them. He announced other actions at the national level, which include the border closure at Amatillo and the coastal road in Jiquilisco in eastern Usulutan Department.

Adefaes Head Comments on 'Positive' Talks With Government

PA2501214095 San Salvador Radio Cadena YSKL in Spanish 1928 GMT 25 Jan 95

[Report by Wilfredo Cordoba from the Legislative Assembly in San Salvador—live relay]

[FBIS Translated Text] We are here outside the Legislative Assembly. A large number of riot police arrived in the area a few minutes ago. Negotiations are under way to withdraw those members of the National Civilian Police [PNC] who arrived here a few minutes ago due to the disorders that were taking place inside the Legislative Assembly. Paradoxically, this action occurred a few minutes after Mauricio Cornejo, president of the Adefaes [Association of Demobilized Armed Forces Members], had announced there were positive results in the talks being held with the government in the ONUSAL [UN Observer Mission in El Salvador] offices.

Here is an excerpt of what Cornejo said on what he described as the positive preliminary results obtained:

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[Begin Cornejo recording] A meeting was held with the leadership, and we already achieved the first demand, which is land. What we are discussing now is how it will be turned over. This issue is what we are engaged in.

We have already talked with the Air Force and have talked with the deputy public security minister, and he is going to withdraw as many PNC members as possible from the vicinity of the Legislative Assembly and from the other locations that are surrounded.

There is one specific condition, however: no one can go up to where the deputies are. It does not matter whether the policemen are there. The talks are going to move into the second phase, the phase in which the ministers are going to negotiate with us. This issue is rather difficult, because it is hard to locate those who are involved, because they have been attending a number of meetings to discuss our problems.

We have reached an agreement to meet in a plenary session at 1430 at the latest. Let's not be carried away by wrong impressions. We must remain calm. We have been doing fine up to now. If anyone wants to create a ruckus, grab him and tie him up, because it is individuals such as these who do not want us to find a solution. If we are here, it is to obtain something [words indistinct] struggling. [crowd shouts: "Long live the struggle!" and "Viva!"].

Now listen closely. We have already touched on three main points—the credits, land, and housing. This issue is what we are discussing now. [end recording]

These are the three points the Adefaes members are discussing in this first phase of the talks. The Adefaes leaders who are here in the Legislative Assembly are also negotiating the withdrawal of the riot police who have been deployed at the various exits of the Legislative Assembly. As we said earlier, this police presence contradicts the positive negotiations that have been carried out with the government and the statement made by Deputy Public Security Minister Hugo Barrera, who has said that the police would not be called in and that the number of police here was going to be reduced.

Although things had calmed down earlier, the presence of the riot police now has again created an atmosphere of tension near the Legislative Assembly. It is hoped, however, the negotiations between the Adefaes members and the officer in charge will result in the withdrawal of the riot police from the area. This has been a report on the current status here at the Legislative Assembly.

Party Members Condemn Actions of Demobilized

PA2601024095 San Salvador Radio Cadena YSU in Spanish 0100 GMT 26 Jan 95

[Communique by Salvadoran party members issued from the Presidential House in San Salvador on 25 January; from the "YSU Radio News" newscast; read by announcer; broadcast in progress—live relay]

[FBIS Translated Text] ...resolve problems, and, on the contrary makes them worse. Therefore:

1. We assume the commitment to contribute to the safeguarding of the country's democratic institutionality. We strongly condemn the actions carried out by groups of demobilized people organized under the Association of Demobilized Armed Forces Members [Adefaes], actions which include the seizing of buildings and the kidnaping of public employees and deputies, because such actions violate human rights and our laws and at the same time endanger the democratic process and act against liberty and the lives of people.

3. [as heard] We demand the immediate release of the kidnaped individuals as well as respect for their physical and moral integrity and a withdrawal from the occupied buildings.

4. We have formed a commission with all the parties' secretary generals in order to make contact with the head of the UN Observer Mission in El Salvador [ONUSAL] [words indistinct], support mediation efforts, and contribute to the solution of the problem as soon as possible.

5. We commit ourselves to guaranteeing, with our efforts, a conscientious investigation to determine the identity of the masterminds and participants in these serious actions so the people will know them and so lawful actions may be adopted.

We will ask ONUSAL in this regard to support the investigations and thus contribute to the appropriate results.

Finally, we call on Adefaes leaders and on all sectors to contribute to the consolidation of peace and achievement by all of us.

San Salvador, 25 January 1995

Salvador Sanchez, of the Farabundo Marti National Liberation Front

Ronald Umana, of the Christian Democratic Party.

Jose Rafael Machuca, of the National Conciliation Party.

Eduardo Sancho, of the National Resistance.

Jorge Martinez, of the Unity Movement.

Miguel Espinal, of the Social Christian Renovation Movement.

Joaquin Villalobos, of the People's Revitalizing Expression.

Juan Jose Martell, of the Democratic Convergence Party, and

Juan Jose Domenech, of the Nationalist Republican Alliance.

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Calderon Sol Delivers Message on 'Violent Incidents'

PA2601032695 San Salvador Radio and Television Networks in Spanish 0215 GMT 26 Jan 95

[Message by Salvadoran President Armando Calderon Sol; place not given—live relay]

[FBIS Translated Text] Dear compatriots: I have again considered it necessary to call the attention of the Salvadoran people to inform them of important aspects related to recent violent incidents generated by elements of Adefaes [Association of Demobilized Armed Forces Members].

I solemnly committed myself the day I assumed the Presidency to ensure that my efforts would be within the Constitution and other laws of the Republic. We said at that time that our goal is to establish a full empire of a state of law that guarantees the equality of all Salvadorans before the law and that this point should be the regulating framework of a peaceful national coexistence.

Violent actions carried out by Adefaes groups constitute a flagrant violation of constitutional provisions and openly conspire against the state of law and peace our people have obtained through great sacrifices.

On the evening of 24 January, we condemned and rejected violent actions carried out by these groups that are being used to disturb public order and create destabilizing situations in order to undermine the institutional order of the Republic.

In keeping with my constitutional responsibilities, I have always tried to promote an atmosphere of democratic and serene dialogue with all sectors of the national life to analyze the various problems looming over our country. I have always made efforts to promote the exercise of a democracy rooted in respect for the Republic's institutional order.

Regrettably, small groups want to reimpose the law of the jungle in our country against the will of an entire people and thus jeopardize the safety of the people. The occupation of buildings and the holding of hostages are acts that violate human rights and constitute a grave affront to Salvadoran society, which is peaceful and dedicated to constructive work to promote the progress of our beloved fatherland.

I reaffirm as president of the Republic that I will not allow them to trample the law and to play with the safety of the people. I will not allow them to continue to threaten peace and democracy and violate human rights.

I held an important meeting at the presidential house on this day with the top leaders of the various political parties of the country. We carefully analyzed the national situation within an atmosphere of genuine democratic and patriotic expression. As a result, the representatives of the political institutes voiced their support for the government in defense of the state of law, democracy, and fulfillment of the peace agreements.

My government would like to affirm that this singular development in Salvadoran political history reflects the determination of all of us who believe in democracy and will not allow dark interests to destroy what we all have achieved through sufferings.

I emphatically ask that the Adefaes members seek legal and peaceful paths to resolve their demands and that, for the sake of preserving the peace and tranquillity of the Salvadoran people, they evacuate the occupied buildings tonight, release the hostages, and return to their places of origin.

I would like to assure the Salvadoran people once more that we will continue to consolidate the plural and representative democracy, fulfilling the peace agreements and consolidating the existence of a state of law, based on the constitutional framework of the Republic.

Fellow citizens, I hope each and every one of you will understand what has happened tonight. All the political and democratic forces have closed ranks on this day in defense of institutional democracy, in defense of our peace process, which is the process of all Salvadorans. Good evening and thank you very much.

Deputies Held by Adefaes Said To Leave Assembly Building

PA2601042395 San Salvador Radio Cadena YSKL in Spanish 0335 GMT 26 Jan 95

[FBIS Translated Text] The evacuation is beginning at this moment [words indistinct] relatives, deputies from the various parties, trying to see the evacuation of the 13 deputies who were an Achilles heel and at the same time the source of pressure the Association of Demobilized Armed Forces Member [Adefaes] has controlled. According to Marcelino, an Adefaes member, 99 percent of the organization's demands for indemnities and land and for incorporation into reintegration programs established in the peace pacts have been met.

The 13 deputies are leaving the eighth floor of the Legislative Assembly building, the focus of the news during the past 48 hours. Attention was also focused on the Armed Forces Social Welfare Institute and the three towers of the Finance Ministry, where the demobilized soldiers exerted pressure. The question now is what will be done so that similar actions do not occur again.

We are going down now. The media are going down first followed by the deputies, protected by agents of the National Civilian Police.

President Calderon Holds News Conference

PA2401185895 San Salvador Radio Nacional de El Salvador Network in Spanish 2315 GMT 20 Jan 95

[News conference by Salvadoran President Armando Calderon Sol with reporters and an unidentified moderator at Comalapa Airport in San Salvador; broadcast in progress—live relay]

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[FBIS Translated Text] [Unidentified reporter] ...who supported you so closely, but there is doubt. How true are the rumors that say the finance minister has resigned?

[Calderon] It pleases me to say that my Central American colleagues, to whom I presented the economic plan in San Jose, Costa Rica, welcomed it with optimism. They were surprised at first, because they did not believe the economic plan was so extensive or so full of changes for Central America and El Salvador.

I believe El Salvador's message and the plan were well received. They believe the plan is very bold and seeks development for Central Americans and Salvadorans alike, because it is directed at improving the quality of life in Central America and at pulling its people out their current state of poverty. This means sacrifice, but we want a Central America that is open to the world—a Central America in which there is investment and industrial progress. The plan was and will be examined in that context.

We found that the plan was so far-reaching that there was insufficient time to present it in full or to study it in great detail, even within the context of the invitation from INCAE [Central American Institute of Business Administration] to attend a conference with Michael Porter. We agreed, then, that the Salvadoran economic cabinet will travel to the Central American capitals to explain the plan to their counterparts, answer their questions, and listen attentively to their suggestions.

The only policy that will be discussed is import and export tariff policy. Monetary policy and other such policies are specific to each country. We have, however, seen acceptance and admiration for the economic plan. We have seen that it has been well accepted, and we hope it will be studied and reviewed accordingly.

Some countries have said: We would like to adopt it for ourselves, but our economies are in such a state and we have certain costs that prevent us from adopting a plan such as this, because it would put us at a disadvantage. Therefore, you see, there are several situations that need to be studied closely. This is why we agreed that the economic cabinet would present the plan in each capital.

Regarding your question about the finance minister's resignation, do not let yourself be fooled. That is absolutely false. You can ask him yourself. Just call his office or ask him directly. These are just rumors spread by someone seeking to undermine the economic measures or inspire opposition to them. They do not know what the measures are, and therefore they are opposing something of which they know nothing. Consequently, you should not be fooled by this. I thank you for asking the question, because it puts an end to the rumor that has been circulating recently.

[Moderator] A question from Manuel Burgos of "The Newscast."

[Burgos] Good afternoon, Mr. President. I would like to hear your position on the rejection of the economic plan from both the labor and the business sectors in our country?

[Calderon] Well, let me say there has been no rejection of the plan. If you look at the statements and support from the private sector, you will see they are recommending gradual implementation—a better timing of the measures. There cannot be and there is no rejection from the private sector of the plan's objectives or of the plan itself. If you take a closer look at the statement issued by ANEP [National Association of Private Enterprise], you will see that the statement is not a rejection, as is being claimed by certain sectors. If you examine it, you will see there are questions concerning timing. They are recommending a gradual application. They are asking for gradual implementation in certain areas that may be affected.

The Salvadoran people are asking the private sector to be efficient and more effective. They want more access to international markets and better prices. The people should not be subjected to numerous price restrictions and protectionist measures, or they will be forced to pay for the inefficiency of others. The reduction of import tariffs will force private enterprise to work efficiently, to adapt, and to truly renovate their industries. In so doing, they will come into step with the contemporary world, compete, and give the Salvadorans access to better prices and better products.

[Moderator] Alfredo Villarreal from Megavision.

[Villarreal] Turning to another issue, Mr. President, what is your opinion and what are your plans regarding future actions by Adefaes [Association of Demobilized Armed Forces Members] with respect to other issues of the nation's daily life?

[Calderon] We are very concerned about the reaction of some Adefaes leaders and members. This is not the behavior one would expect from someone living in a state of law, nor is it the behavior of someone participating in a national reconciliation process.

We have made and continue to make an effort to comply with the peace agreements. We are working effectively. We realize there is an economic deficit affecting our fulfillment of the peace agreement. We sent a joint team with representatives from the Farabundo Marti National Liberation Front [FMLN] and the government to UN headquarters. Their mission was highly successful as the secretary general reaffirmed his commitment to the process, however, there is nothing specific on the table yet. We are facing a $137 million to $140 million deficit. We have been working hard, making an effort for the Salvadoran people. We have been complying with the peace agreements with resolve because we understand this is a national commitment. From the moment I took oath, I promised the Salvadoran people I would comply with the agreements. I hope we can continue to press

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forward and meet the 30 April deadline, when the United Nations is scheduled to end its mission here. We will make an exceptional effort, and I hope we can comply with the land distribution program. However, the situation demands that all of us acknowledge the deficit in the peace process.

Adefaes has been demanding far too much. They want things that were never even included in the peace agreements. They are stirring hopes among sectors that are not....[pauses] These are sectors that were affected by the conflict. Among them there are heroes and many others who made a contribution on either side of the conflict. It is unacceptable, however, to kindle hopes among Adefaes members for things that are not included in the peace agreements when the country's economic constraints will not permit any additional expenses or when there are people interested in creating disorder and instability. We hereby state clearly that we will not give in to such pressure. We cannot give in to the kind of pressure that seeks to disrupt law and order or to disrupt the state of law in which we live. We ask these people not to be fooled by the individual interests of certain leaders.

[Moderator] Amadeo Cabrera from "The News."

[Cabrera] Good afternoon, Mr. President. Public bus drivers are threatening a nationwide strike. What penalties would the government apply if they do, and would you consider using the Armed Forces to prevent incidents such as those that took place in San Miguel last November?

[Calderon] We expect to hold talks with the transportation workers. We hope we can talk, discuss, and assess in detail the needs of the transportation sector before such shows of force take place, which only make things worse. We know the problems of the transportation sector are very complex. Transportation workers face serious problems, not only with costs but with disloyal competition. These workers have problems that stem from the disorder that prevailed during the war. You may recall that minibus drivers—or picacheros, as we call them—appeared during that time, and thank goodness they did, because the country did not come to a halt.

So, that is the situation we face now; the situation we are now experiencing. We have to go step by step. We cannot solve the entire situation at once, but we are moving forward with the best intentions. I ask the transportation workers, before taking such forceful measures: Let's talk, discuss, and study the situation together. There is a solution for everything through reasonable and healthy discussion.

[Moderator] Erwin Gongora from the "Up-to-Date" newscast.

[Gongora] Good afternoon, Mr. President. Going back to the economic issue, you said the economic plan was received with surprise by your Central American colleagues in Costa Rica. I have two questions, Sir. Could that mean your colleagues have already accepted the plan or are about to accept it? Second, several local sectors have said some of the measures are unconstitutional because they violate a tariff agreement signed in Honduras. They say the measures are not integrationist. What is your response?

[Calderon] The plan was received with surprise because of its consistency, logic, and clear objectives. We were congratulated on the plan. The economic team was admired for its concept of the economic plan and for El Salvador's current situation. I think the other Latin and Central American countries admire El Salvador for its determined efforts to consolidate democracy, its economic development, and its efforts to create a new society with new institutions and new Salvadorans. This effort has been recognized not only in Central America but all over the world, and the plan was welcomed accordingly. What they did ask us, and justifiably so, was to give them time to study the plan a little closer and make their observations when the economic cabinet ministers present the plan in full detail later on. Then there could be discussions and the team could clear up doubts and answer questions. After that, each country would be able to give its opinion.

I think that is the best way to go about it. As you can see, we are not forcing the plan on anyone. Furthermore, we are listening, and Central America is speaking. I think this move by the Salvadoran Government has received much praise from the region's governments. The Salvadoran Government is presenting the plan and listening to each sector, encouraging them to participate. I find this very important to consolidate democracy, to consolidate Salvadoran participation in the country's political and economic decisionmaking process. That is what the government is doing now: listening to all sectors and to Central America.

Constitutionally speaking, this country has and can adopt a sovereign attitude. Costa Rica did not ask Central America anything when it signed its free trade agreement. So, you see there are states that can take sovereign actions. El Salvador has said it is in favor of integration. We respect the Central American agreements, and that is why we have begun this phase of consultation and agreement with Central America regarding our domestic policies. The plan does not affect integration because we are dealing with tariffs for countries outside the region and reducing tariffs on raw materials. Integration will not be affected, and that is why we are in this consultation phase. We have the legal mechanisms to deal with any treaty signed outside the region in accordance with the law while respecting the country's previous agreements and the Central American integration process.

[Moderator] The last question is from Roberto Salazar from the TCS Television Network.

[Salazar] I have two questions, Mr. President. You addressed an important issue regarding Central American integration. What happens to Central American

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integration under your economic plan, particularly in light of its violations of Central American agreements and the concerns expressed by the Central American presidents? I would also like to revisit the recent resignations of government officials. Do you think your government is experiencing a crisis?

[Calderon] I have already made it clear that this administration is respectful of the integration agreement and the Central American accords. We are in constant contact, and there is effective communication among the presidents and heads of state and among the economic cabinets of Central American nations. The plan will continue to be discussed and presented in each of the region's capital cities, as I said before. We are not abandoning or turning our back on economic integration. Quite the contrary. El Salvador is opening its borders to Central America and the world in search of international markets. In that context, I see no problem with Central America. We all have sovereignty; we have our own policies for deciding on monetary, tax, and other matters. We are consulting others on import duty policies, which is where there will be changes that need to be discussed with Central America.

On the issue of resignations, I do not think all the government's officials are resigning. You mentioned the minister of finance. That is more of a political problem than of support. Someone started the rumor and the media picked it up. The minister of finance has not resigned, as you can see, and this may be just a prank. I do not view it as very significant, and I am not giving it much importance.

[Salazar] [Question indistinct]

[Calderon] Oh, yes, the transportation official. I think that was a personal matter. He had problems with the deputy minister of transportation, with whom there was no effective coordination. Mr. Meyer believes there are insufficient resources to do an effective job, and he is free to resign if he wishes. We want to have people from various segments of the community, and the fact that we called on Mr. Meyer is proof. If he does not want to accept the post, then we will have to find some other qualified person. We thought he had a great deal of experience with transportation and vehicular matters. If it is impossible for him to accept, for personal reasons, then we will find someone else. There are many Salvadorans who are willing to pitch in and help overcome El Salvador's problems.

[Salazar] Mr. President, when will the economic cabinet begin its visits to the other Central American capitals?

[Calderon] We hope the visits will begin next week. I want the visits to Central America to start as soon as possible. We have not begun to implement the plan yet. We will continue to listen to the groups and try to find a basic agreement before announcing the measures we will adopt. The plan is undergoing changes based on the suggestions and contributions each group is making. It is not a final plan, and we are not meeting with these sectors just to tell them that this is it, as previous governments used to do. They would call in their people and present them with a plan and that was it. It would make no sense to do that, as it did not make any sense then. That was just informing the people. We are hearing doubts, fears, and suggestions and enriching and modifying the plan.

I thank you, ladies and gentlemen of the media. The job you do is fundamental and essential as you enlighten the Salvadoran people and get them to participate in this effort, which is for the benefit of our beloved El Salvador.

[Moderator] Mr. President, Erwin would like one last question.

[Gongora] Mr. President. To what degree does your government believe the plan should be exposed to consultation? In other words, how long will it be open for consultation with the various groups? I will not say there is rejection, but there are those who believe there is still some fine tuning to do and the measures should not be implemented for a while. How long is the government willing to allow this?

[Calderon] Yes, Erwin, that is a good question, because we cannot spend too much time in consultation or that phase would become invalid. We must listen carefully to Central America and to the ideas of certain other sectors. I believe 15 days is enough; it must be in the shortest possible time. Perhaps 10 or 15 days at the most is enough to complete the consultation process and

But we also want to....[pauses] I take this opportunity to note that some sectors have expressed concern regarding some exaggerated remarks by certain analysts who say the agriculture sector will be adversely affected. I want to tell Salvadoran farmers and peasants, Salvadoran peasants in particular, that there will always be protection for the Salvadoran countryside. We know that some other governments subsidize agricultural products. We know there is no true competition. We know there is dumping [preceding word in English], subsidies, and a distortion of agricultural products on the international market. In that regard, they must rest assured that the Salvadoran Government will protect our farmers and peasants.

Thank you very much.

[Moderator] We thank you all for coming.

Minister Criticizes Businessmen, Defends Economic Program

PA2501013495 San Salvador Canal Doce Television in Spanish 0100 GMT 24 Jan 95

[Report by Gandhi Montoya from the "Up-to-Date" newscast]

[FBIS Translated Text] Finance Minister Manuel Enrique Hinds has criticized Salvadoran businessmen

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and defended the new economic program the government wants to implement. According to the minister, the businessmen became too comfortable with the tacit 15-percent subsidy they have received during the past five years and did not invest to refurbish their installations and become more efficient and competitive.

Business leaders such as Roberto Villanova and Juan Hector Vidal of the ANEP [National Association of Private Enterprise] have said Salvadoran industrialists do not have the resources or the trained personnel to enter the economic globalization and be competitive.

Hinds has said that consumers paid 20 percent in custom duties during the past five years and that industrialists had only paid 5 percent. Thus, the industrialists have essentially been receiving a 15-percent subsidy. The objective of this advantage was to allow businessmen to update their companies by investing in machinery and human resources:

[Begin Hinds recording] The businessmen are saying we cannot compete abroad, because we have obsolete machinery. This statement is true. The industrial sector has many machines that have been working for more than 30 years. They are also saying our personnel are not trained. This statement is true too, but why have they not invested in modern machinery in so many years? They have not done so because you do not need to do so if you are protected. [end recording]

The finance minister believes businessmen became too comfortable because they had the local market. Thus, they did not think to invest and used the subsidy for consumer goods. In this case, said Hinds, the business guilds have not played their true role:

[Begin Hinds recording] The guilds are only to request and maintain privileges with the government and to oppose any measure that goes against this point. This is the old concept of a business guild. The modern concept is that it is an organization that helps its associates to change and gives them information on potential markets. [end recording]

The official expects business guilds to have a different attitude, and he has said the economic program proposed by the government does not leave industry and agriculture without protection, as both sectors have stated. The program has specific clauses to strengthen those sectors according to Hinds.

Guatemala

Campaign Begun To Monitor Human Rights, Peace Process

PA2501194695 Guatemala City Televisiete Television in Spanish 0400 GMT 24 Jan 95

[From the "Channel Seven News" newscast]

[FBIS Translated Text] Foreign Relations Minister Marithza de Vielman reported that a human rights campaign has been undertaken in light of the upcoming UN commission on human rights. The meeting will also serve to check on the progress of the peace process

[Begin Vielman recording] The peace negotiations have also reached a crucial point, and we believe this is the right time for Foreign Ministry and Copaz [National Commission for the Consolidation of Peace] officials to make a joint presentation to the international community on the headway we have made and to reaffirm the resolve of the president to sign a firm, lasting peace agreement. It is important to communicate this position to the international community, to demonstrate that it is important to Guatemalans, and to show that we Guatemalans expect this firm and lasting peace agreement to be signed as soon as possible. [end recording]

Defense Minister Comments on Agreement With UN Mission

PA2601120995 Guatemala City Teleonce Television in Spanish 1900 GMT 23 Jan 95

[From "Telepress" newscast]

[FBIS Translated Text] The Guatemalan Government and the UN Mission for Guatemala, Minugua, signed an agreement today establishing the mechanisms that will regulate the framework of actions by Minugua observers in subversive areas. Defense Minister General Mario Enriquez commented on the agreement:

[Begin recording] [Enriquez] The emphasis is to cover the instances when they visit areas where there is a guerrilla presence.

[Words indistinct]

[Enriquez] The agreement spells out Minugua's responsibilities, certain precautions, and requirements they must meet when they visit areas where there is a guerrilla presence. Of course, they already have an agreement with the URNG [Guatemalan National Revolutionary Unity], and the Guatemalan Government will also have to [words indistinct] Minugua. Thus, I believe this point truly demonstrates President Ramiro De leon Carpio's will to achieve peace. It is another sign of his political willingness to achieve peace in Guatemala.

[Words indistinct]

[Enriquez] I do not believe it is a diplomatic offensive. It is a visit to certain countries. All this has been coordinated by Copaz [National Commission for the Consolidation of Peace] and the Foreign Ministry. Certain countries, particularly those that are friends of our peace process, will be visited so the Guatemalan peace problem will be included as soon as possible. [sentence as heard] In addition, an effort is also being made to defend certain issues damaging Guatemala's image in Geneva. This work has been done in Geneva for years. I would

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say this work is not an offensive but, rather, an effort by the government, a truly discreet effort. There are countries where we will send only one representative in order to make the effort as economical as possible. It will not be a pleasure or recreation trip; there will be much time for that later when we achieve peace.

[Words indistinct]

[Enriquez] Only to Geneva, and regarding the visits to friendly countries, I believe one of the Copaz officers will go, but those who go to the various countries will be civilians.

[Words indistinct]

[Enriquez] I believe the mere presence of the UN under secretary general in our country means a lot. It means the United Nations is giving this case the importance it deserves in order to speed up the signing of the agreement for a lasting peace in Guatemala. It is an agreement for which Guatemalans have been waiting a long time. I say this statement vehemently [words indistinct]. This means much to Guatemala and is the first time during the peace process we have received such a high UN official to visit us to reach clear results, results of substance, but more expeditiously within this peace process.

[Words indistinct]

[Enriquez] I have talked with the government minister twice about it. He has worked very hard [words indistinct] trying to organize his cabinet, but that is not the correct word; that is, all his main collaborators. I believe he appointed them all. I believe he is ready to implement the plans he has. If he has not had enough time, he will have to do it as soon as possible, because, as you know, common crime has reached alarming levels. Fighting crime is one of the president's highest priorities. He wants the escalation of crime and the people's problem of insecurity resolved.

[Words indistinct]

[Enriquez] I believe he will need some help once he has the plans ready to be carried out. The president has already instructed me to support him in whatever he needs if, of course, it is within the parameters of the armed institution. This will be done in a spontaneous way and very gladly, because it is for the benefit of the citizens of this country.

[Words indistinct]

[Enriquez] I believe it would be a very good measure. In fact, there are some examples of that here. There are sectors of the city where neighbors have gotten together to defend themselves from the harassment of criminals. It has resulted in good results. There are many requests at the Defense Ministry from various places, such as Ciudad San Cristobal, Vista Hermosa, and others. They want to become organized in order to help provide their own security. I believe it is good. It is a good idea, because there are many deficiencies in the efforts to give effective security. These are deficiencies of which the media are very much aware. Everybody knows what they are. [end recording]

De Leon Explains Suspension of Public Electricity Bid

PA2601120895 Guatemala City Televisiete Television in Spanish 0400 GMT 24 Jan 95

[From the "Channel Seven News" newscast—broadcast in progress]

[FBIS Translated Text] ...between the executive and legislative branches due to reforms to the new INDE [National Institute of Electrification] Law the president of the Republic wants to avoid criticism. President Ramiro De Leon on 23 January suspended a public bid to supply 150 megawatts of electricity, a move which he says supports his decision to veto the INDE law:

[Begin De Leon recording] Regarding this issue, I want to make it clear that the suspension is temporary so that this bid for such an important project will go forth under the new law and under the new INDE authorities. I am demonstrating once again that this president and this government act in an honest manner.

As I said before, that bid sought to raise in two phases the energy produced by private companies by an additional 650 megawatts. It would be generated by oil produced in Guatemala. This situation undeniably benefits the country's productive activity.

This is a slow process, but we must implement it, considering this valuable service is scarce. It will have to be done, however, based, I repeat, on the new law, under the regulations of the new law, and by the new INDE authorities.

Despite the importance of such a project and in my capacity as president, I reiterate that I want to avoid any doubts, that I want to dispel any doubts concerning the handling of any negotiation or project. Let me make it clear that the presidential veto responds to no selfish design; on the contrary, it brings to the forefront—and I am again reiterating it before the Congress of the Republic—the executive's concern to really put an end to monopolies in the electricity sector. [end recording]

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Argentina

Government Creates 'Crisis Committee' To Help Banks

PY2501212695 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1339 GMT 25 Jan 95

[FBIS Translated Text] Buenos Aires, 25 Jan (NA)—The government has decided to create a "crisis committee" to help financial institutions with liquidity problems. The political decision aims at "preventing the fall of any bank in the city."

Economy Minister Domingo Cavallo made the decision, leaving Roque Maccarone, banks, finances, and insurance secretary, and Central Bank President Roque Fernandez in charge of preventing the fall of any of the 30 institutions with liquidity problems.

Cavallo's latest decision reinforces the Economy Ministry's efforts to instill trust in financiers, because the closure of a single bank, according to Foreign Ministry sources, might provoke a run on banks, with critical results.

The economy minister also wants to prevent problems in the banking system while he tries to convince international investors and financiers that Argentina's economy is solid.

Last night Cavallo departed for Washington, where he will sign the terms for the constitution of the Business Development Council [preceding title in English] with U.S. Secretary of Commerce Ronald Brown and meet with Robert Rubin, assistant to the President for economic policy.

After a short stay in the United States—less than 9 hours—the minister will depart for Zurich to speak with bankers and investors. Then he will meet with President Carlos Menem and his entourage at the world economic forum in Davos, Switzerland.

Cavallo will also stop in London, where he will try to convince English bankers that everything is in order regarding the Argentine financial market. The minister will return to Buenos Aires on 1 February.

Cavallo's recommendations to Maccarone and Fernandez come on top of the Argentine National Bank's creation of a security network seeking to prevent situations such as those that affected the Extrader Bank and Finansur. These institutions were allowed to suspend their activities due to liquidity problems.

Nuclear Waste Dumping Suspected in Catamarca Province

PY2601120395 Buenos Aires TELAM in Spanish 0048 GMT 26 Jan 95

[FBIS Translated Text] Catamarca, 25 Jan (TELAM)—Victor Castillo, the health under secretary in Catamarca Province, will request international organizations to investigate whether nuclear waste has been dumped in the western region of the province.

In light of charges made by Amado Quintar, mayor of the municipality of Tinogasta, which is located 250 km due west of the city of Catamarca, Castillo said: "This is a very delicate question that requires the intervention of experts."

Quintar had cautioned that the fact that this area has a high incidence of cancer and leukemia cases made him "suspect that there is a nuclear rubbish dump there."

He also reported that sealed metal spheres, which he thought could contain radioactive waste, had been found near the San Francisco Pass (on the border with Chile).

Bolivia

Cardenas Criticized for Rejecting Paz Zamora Trial Request

PY2501233495 La Paz PRESENCIA in Spanish 19 Jan 95 p 7

[FBIS Translated Text] Almost every opposition party represented in Congress yesterday rejected the decision by Victor Hugo Cardenas, vice president and national Congress president, to turn down former President Jaime Paz Zamora's request for a malfeasance trial.

The members of the opposition stated that Cardenas abused his constitutional powers and that he may even be subject to legal proceedings for the decision taken.

According to the opposition, the resolution signed by the vice president in which he dismisses the possibility of a malfeasance trial against Paz Zamora, proposed by the former president himself and requested by his attorney, Humberto Trigo, due to the lack of charges, is illegal and arbitrary.

Carlos Borth, former head of the Movement of the Revolutionary Left (MIR) bloc, accused the vice president of "not even being a congressman" and asserted that his decision to not inform the Joint Committee for Constitutional Affairs about the request for a trial was an inappropriate, arbitrary decision of a legislative authority of Cardenas' level.

The MIR deputy asserted that "the vice president of the Republic is not even a legislator and does not have the authority to reject a petition or two. What he should have done in this case was submit the documents to a plenary session of Congress so that the legislators could learn about it."

However, Cardenas Conde said he "was a prisoner of the Constitution," as he justified his decision and reiterated that the two petitions submitted are inapplicable according to Bolivian laws.

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When consulted by the media, Cardenas said: "I think the MIR legislators' comments on the decision to reject two petitions are exaggerated."

Christian Democratic Deputy Benjamin Miguel, an attorney and expert on constitutional affairs, said that the vice president's attitude had been abusive and arbitrary, and that it violated Bolivian laws.

"The only way to prevent a person from adopting decisions is to follow the legal procedures," Miguel stated as he commented that Cardenas' decision, paradoxically, prevents the laws of the Republic from determining whether former President Paz Zamora is responsible for punishable acts.

Like Deputy Carlos Borth, Miguel said that "only the National Congress has the authority to acknowledge or reject a petition for a malfeasance trial."

Within this context, he said that Cardenas frankly overlooked the rights of the people and violated the Constitution, and did not dismiss the possibility that he could be subject to a malfeasance trial.

However, in addition to the opposition legislators, the Bolivian Labor Federation (COB) also criticized the vice president's decision.

COB leader Carlos Camargo warned that the "narcolinks" case runs the risk of being shelved and those involved being freed of any responsibility."

Camargo added: "This case will, for all practical purposes, be dropped due to a very cunning political maneuver by the MIR leaders. It will focus attention only on Oscar Eid's trial, but most politicians will be freed of any responsibility."

MIR Deputy Guido Riveros commented that the MNR [Nationalist Revolutionary Movement] uses the MBL [Free Bolivia Movement] to consolidate its desired political hegemony in the country.

"They used the MBL and that party's resentment against the MIR to consolidate a hegemonistic position, but they must also remember that we are no longer in 1952, and there is a limit to everything."

He also referred to the alleged political blackmail by the governing party against former President Jaime Paz Zamora, in the sense that it will "exert pressure" against the arrested leader [Oscar Eid] should Paz Zamora make any political move that might affect the aforementioned hegemonistic position.

Government Notes Plans To Eradicate Surplus Coca

PY2601022695 La Paz PRESENCIA in Spanish 19 Jan 95 p 7

[FBIS Translated Text] This year the government intends to eradicate between 5,000 and 8,000 hectares of surplus coca leaf plantations and hopes to do so with the support of the coca growers, according to National Defense Secretary Mario Soliz.

Soliz said it has been proven that in Chapare there are 35,000 hectares of surplus coca plantations with no purpose other than for drug trafficking. Soliz added: "Therefore, what the government intends to do is apply the law, and we hope we will be able to jointly eradicate coca plantations because we believe this is how it should be."

Bilateral negotiations with the United States for the signing of Section B of the agreements that refer to the eradication goals in exchange for millions of dollars to help the balance of payments continue to be stalemated.

From 1990 to 1993 the BOL-USA [Bolivian-U.S.] agreements established an eradication goal of 5,000 hectares of illegal coca and 20,000 square meters of coca seed beds in exchange for $20 to $40 million in financial aid.

Due to a number of political factors, the eradication process failed in 1993. Bolivia only managed to destroy 2,500 hectares. Therefore, it failed to receive some $15 million from the United States.

However, the national defense secretary reasserted that the government seeks an agreement with the coca growers to start a voluntary eradication process so that interdiction will not be necessary.

Soliz said that "we are constantly searching for an agreement," and added that "the more agreements there are, the less interdiction will be necessary."

Moreover, he asserted that the government is increasing efforts to reach new agreements with the coca producers and prevent them from coming up with new measures of pressure.

He announced that the authorities are drafting the corresponding decree to authorize the opening of market branches in Santa Cruz, thus honoring the peasants' demands.

He said that his office maintains a constant dialogue with the coca producers at the grass roots to carry out voluntary eradication rather than have to resort to interdiction.

In Soliz' opinion, political factors inspire the coca producers' rallies. Soliz said: "One should wonder where the resources to mobilize such a quantity of people come from."

Brazil

Foreign Ministry Report Notes Drop in Arms Exports

PY2601004195 Madrid EFE in Spanish 2107 GMT 23 Jan 95

[FBIS Translated Text] Brasilia, 23 Jan (EFE)—According to a Foreign Ministry report published today

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in Brasilia, Brazilian arm sales abroad dropped 23 percent between 1993 and 1994.

In 1994, the National Policy for Export of Material for Military Use (PNEM) authorized arms sales abroad worth $155.8 million, while in 1993, arms exports amounted to $200 million.

The PNEM, which was created in 1974, establishes the rules for Brazilian arm exporters, conditioning each contract to specific presidential approval.

The figures were released by the Brazilian Foreign Ministry one week after Oscar Arias, former Costa Rican president and Nobel Peace Prize winner, criticized the sale of arms "by countries like Brazil to developing nations."

The Brazilian Government noted that of the total arms exports in 1994, only 2.8 percent was destined to South American, Asian and African countries, "something that confirms that the so-called 'material for military use' is destined for the First World, particularly the United States," a diplomatic source said.

Arias said that arm sales profits reveal "a weak moral attitude" because this prevents other nations from enjoying peace.

"In a world without a Cold War, I deplore the fact that there are countries like Brazil, which are major arm suppliers," Oscar Arias said.

Foreign ministry diplomats were "surprised" at the remarks by Arias, but the ministry did not make an official statement on the criticism.

The Foreign Ministry emphasized that, before authorizing a deal, the president receives an analysis of the political situation in the country purchasing the arms and of the possible repercussions that the exporting of arms might have in the countries of the region.

According to high-ranking Army Ministry officials, Brazil never authorizes the sale of arms to countries that are waging a war or that are facing internal conflicts.

Oscar Arias last week attended the Conference of Lawmakers and Civil Society for Latin America and the Caribbean, which was held at the Brazilian Senate building and which was attended by lawmakers and political and economic personalities of several countries.

Rio Operation Begins Transfer to Military Police

PY2501190995 Sao Paulo FOLHA DE SAO PAULO in Portuguese 24 Jan 95 Section 1 p 12

[Article by Fernanda da Escossia]

[FBIS Translated Text] The Eastern Military Command has started to transfer to the Military Police [PM] the command of the occupation of ghettos and hills, starting a transition phase in the Rio Operation.

The Rio Operation, which was started in November, used the Armed Forces for fighting drug trafficking. The first actions were almost exclusively undertaken by the military.

Over the past few days the PM has intensified its participation. The operation at the Vigario Legal ghetto on 21 January was implemented exclusively by troops from the PM Shock Battalion and the PM Special Operations Battalion.

Trafficker Flavio Pires da Silva, aka Flavio Negao, was killed during this operation, in a shootout with policemen.

President Fernando Henrique Cardoso and Rio de Janeiro Governor Marcello Alencar have extended the Rio Operation agreement until March.

The transition phase should also include the transfer of 1,000 Army soldiers to the PM. Alencar said 800 men have volunteered to shift to the PM.

Colonel Dorasil Carvalho, the PM commander, said that the soldiers will maintain their military status, but will belong to a specialized PM unit. He refused to give details of the transition phase.

Three Drug Traffickers Killed During Shoot-Outs in Rio Ghettos

PY2601002995 Sao Paulo AGENCIA ESTADO in Portuguese 1739 GMT 25 Jan 95

[By Nelson Soares]

[FBIS Translated Text] Rio de Janeiro, 25 Jan (AE)—Three months after the federal and state governments signed an agreement to fight organized crime in Rio de Janeiro, drug traffickers continue to spread terror among the residents of the buildings near the main Rio de Janeiro ghettos. Early today, at the Morro dos Cabritos, in Copacabana, in the southern zone—which the armed forces occupied at the end of last year—rival gangs fighting for control over the drug business engaged in an intense shoot-out. The Military Police [PM] occupied the hill, killing three alleged traffickers during a shoot-out. Up until early afternoon, no criminal had been reported arrested during the operation, which was organized by the Eastern Military Command (CML).

People living on Santa Clara and Ladeira dos Trabajaras streets phoned the CML and asked for troops to end the shoot-out between the bandits, which extended into the early morning hours. At least 100 soldiers from the Special Operations Battalion of the Military Police (BOPE) took over the hill, supported by policemen from other battalions. The criminals wecomed the military with bullets. The streets leading to Botafogo and Copacabana were closed, while soldiers armed with rifles and shotguns patrolled neighboring streets.

At the top of the hill, a group of men hidden in a wooden hut welcomed the policemen with bullets. The hut was

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besieged and three of the criminals were wounded, while others managed to escape. According to the police, the wounded died while being taken to Miguel Couto hospital. Up until late afternoon, the bodies had not been identified. Residents of the two streets said they could not sleep because of the shots. "We are afraid of stray bullets, which can hit just about anyone," said Maria Cristina Ribeiro Costa, 41, who has lived on Ladeira dos Trabajaras Street for the past 10 years.

The PM special operations service discovered that a trafficker known as "Raimundinho," who is the drug trafficking chief at Dona Marta hill, in Botafogo, wants to take over the posts of a rival gang at the Morro dos Cabritos, which are controlled by a bandit identified as "Gai," the manager of trafficker Jorge Luis Soares da Silva, aka "Tenorio," who is being held at Polinter.

Tha gang of Raimundinho invaded Morro dos Cabritos this afternoon, killing Gai's soldier Marcio da Costa Barcelos, aka "Marcinho," who was 17 years old. Gai's gang swore to exact revenge for Marcinho's death, promising to invade the Dona Marta hill and kill Raimundinho. The trafficker took control of the drug business at Dona Marta hill in December 1994, after his boss, who is known as "Pedrinho da Prata," was arrested in Cabo Frio, in the Rio de Janeiro lake region.

Cotia hill—During the morning, BOPE soldiers occupied Cotia hill, in Lins de Vasconcelos neighborhood, in the northern zone, where traffickers also engaged in a shoot-out early in the morning. The military searched neighboring streets and huts, looking for traffickers, but did not arrest anyone. The shoot-out between the traffickers began in the evening hours of 24 January, when street vendor Joel Luis da Silva, 30, was killed. Residents said that six other bodies were left at the top of the hill, but the police did not find anything.

Joel's wife Marilda da Silva, 26, said he was killed by a stray bullet, but the police denied her remarks, because the body had two bullet wounds, one of them made at point-blank range. Ghetto children said the vendor was murdered by men riding three horses early in the evening on 24 January.

Commentator Calls for Social Action in Rio Slums

PY2501180195 Sao Paulo FOLHA DE SAO PAULO in Portuguese 24 Jan 95 Section 1 p 2

[Commentary by Luiz Caversan: "The 40 Wreaths"]

[FBIS Translated Text] Rio de Janeiro—Many people certainly must have had the same doubts I had when they watched scenes of the funeral of drug trafficker Flavio Negao last weekend—hundreds of people, applause, weeping, and especially the 40 flower wreaths. Who were those people? Were all of them forced to attend the funeral by cronies of the dead criminal? What about the 40 wreaths?

It would be too naive to believe that all those scenes were staged by the drug traffickers. As the saying goes, one cannot stop the sunlight with a sieve, and fail to admit that most of those people attended Flavio Negao's funeral to pay their last respects to him.

We are not saying that Flavio Negao deserved those funeral honors. He was a criminal, a confessed killer, a kidnapper, a trafficker, and a gang leader.

The fact of the matter is that for the Vigario Geral slum residents, Flavio Negao was there for them, for better or for worse. He was perhaps the last of the suburban Robin Hoods, a subspecies that emerged in Rio de Janeiro, along with crime in the slums, and whose most tangible representative was Jose Carlos Dos Reis Encina, aka "Escadinha."

Just like "Escadinha" in the 1980's, Flavio Negao had his legion of fans and followers. They both always brought some kind of benefit to the communities to which they were linked.

The Rio Operation has somehow brought this into the surface. All we have to do is review some facts. How many day care centers has the Army built since it started to occupy the slum hills? How many schools has it repaired? Has it cleaned up the dirty water running through open sewers? In sum, has it brought any immediate, concrete benefit to these neglected communities, at least to win the residents over? No.

Poor is the country that has heroes like Flavio Negao. A negligent, inefficient state must be blamed for the emergence of myths like him.

Rio de Janeiro Governor Marcello Alencar has said that it was disgusting for him to see so many people paying tribute to the deceased criminal. Well, it would be a matter of turning that disgust into action, and making government action reach the hills.

Instead of cannons or soldiers with painted faces, how about setting up health centers, municipal courts, day care centers, vocational training centers, and more schools in the slums? This should be done before the place left by Flavio Negao is taken by someone else.

Chile

Frei, Canada's Chretien Discuss NAFTA Invitation

PY2601021295 Santiago Television Nacional de Chile Imagen Internacional in Spanish 0000 GMT 26 Jan 95

[FBIS Translated Text] Canadian Prime Minister Jean Chretien, who arrived in Santiago yesterday, had a busy day today.

The Canadian official said that his country hopes Chile will soon be another NAFTA member.

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This is the first visit by a Canadian head of state to Chile. Jean Chretien arrived at La Moneda Palace shortly after 1000 to greet President Eduardo Frei.

Later on the two heads of state met at a meeting of the Chilean-Canadian Chamber of Commerce. On the occasion, the invitation extended to Chile during the recent Summit of the Americas to join NAFTA was raised.

[Begin recording] [Chretien in English, with superimposed translation into Spanish] We are delighted at the prospect of Chile becoming the next member and, as I said in Miami, it will become the fourth amigo [friend]. As you known, Canada has been pushing long and hard for Chile to join NAFTA. We want you to join it soon.

[Frei] We are aware that the negotiations we are undertaking will be complex and, at times, difficult. We are aware that we cannot improvise. We are willing to drastically change our style of management, organization, and work both in the public and private sectors. We are sure that, within a prudent period of time, our efforts will be crowned by success. [end recording]

During this meeting, Chilean and Canadian businessmen signed a number of agreements, the most important one ratifying the decision to build a new methanol plant in Magallanes. Trade between Chile and Canada has increased by 200 percent during the past 10 years.

Minister, Central Bank Director Praise Argentine Economy

PY2601011095 Madrid EFE in Spanish 1517 GMT 24 Jan 95

[FBIS Translated Text] Brasilia, 24 Jan (EFE)—The Brazilian Government believes that the Argentine economic situation is "extremely positive," and it bets that the neighboring country will not be affected by the Mexican exchange crisis.

During a news conference hosted for foreign correspondents, Brazilian Finance Minister Pedro Malan and his main advisers today made a laudatory analysis of the situation in Argentina, which is Brazil's partner in the Common Market of the South (Mercosur).

In order to examine and study the possibility of occurrence in Argentina of a crisis simimlar to the one experienced in Mexico, Malan sent Central Bank director Francisco Lopes to Buenos Aires. Lopes recently accompanied Brazilian Foreign Minister Luiz Felipe Lampreia on a visit to the Argentine capital.

"Both in the government sector and in the financial system, the situation is much better than press reports have said," Lopes noted.

Lopes emphasized that "Argentina will overcome this turbulence," admitting that "this turbulence will continue for 15 days or one month," because of the Mexican exchange crisis and of "problems in some small banks, which will be resolved in the medium term with the strengthening of the banking system."

"I can bet that Argentina will overcome the crisis with calmness, and this is very good news for us and for all of Latin America," Lopes said.

Minister Malan emphasized that "the degree of friendship we have with Argentina is excellent," giving assurances that "we Brazilians, on the one hand, and the Argentines, on the other, have big interests that are common to us," like macroeconomic stability, which the two countries are trying to harmonize.

"We wish success for Argentina, just like they wish success for us," Malan said, adding that this attitude is also justified by the two countries' determination to successfully implement Mercosur," which also includes Paraguay and Uruguay.

Malan said there is a very fluid—almost daily—dialogue with Argentine economic officials, and that it is not necessary to call for a meeting to talk about bilateral affairs.

Lopes emphasized that "the whole of Latin America is very much interested in what can be observed in Argentina, which is very positive, and all of us are making efforts to prevent the Mexican crisis from occuring in neighboring countries."

"After a really objective, technical evaluation, without being influenced by the common wish that things run smoothly, I can say that the situation is extremely positive," Lopes emphasized.

He added: "I believe the Argentine position is extremely sound, and the most tangible evidence of this is the fact that the Economy Ministry is now publishing in Argentine newspapers a table, with a three-day delay, of Argentine Central Bank reserves."

"The Argentine Government is doing this to show that it is convinced that the cash conversion system that it adopted gives sound security to the Central Bank," Lopes said.

He added that "under the convertibility law, the Central Bank is compelled to have a monetary base of 100 percent. Each peso that is printed must have a corresponding equivalent in the monetary base."

"Argentina is probably the only Latin American country with objective conditions for facing the crisis, partly because of a recent fact, because of the conversion scheme, which cannot be adopted by either Mexico or Brazil."

Lopes noted that "Argentina has unique features, including an enormous degree of dollarization. Deposits account for approximately $45 billion, of which more than one half, some $26 billion, is in dollars," showing that, depending on circumstances, Argentina can operate with dollars or pesos.

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Agriculture Minister On Economic Issues, Protectionism, NAFTA

PY2601024395 Santiago EL MERCURIO in Spanish 8 Jan 95 pp D14-15

[Interview with Agriculture Minister Emiliano Ortega by Magdalena Ossandon; place and date not given]

[FBIS Translated Excerpt] [passage omitted] [Ossandon] Would you say that agriculture is experiencing a "crisis," as diagnosed by the farmers?

[Ortega] As I said in 1993, I think agriculture has been experiencing a structural crisis in the sense that internal transformations of the Chilean economy, as well as the changes experienced by the agricultural economies at the international level, have become progressively more challenging for our agriculture. [passage omitted]

[Ossandon] But the farmers are dissatisfied over the devaluation of the dollar. What will be done?

[Ortega] The dollar is tied to an exchange rate band. The Central Bank is autonomous in this sense. As a result of the success and stability of the Chilean economy, we are facing a situation in which the exchange rate is influenced by financial and import and export trends. It is not the government which establishes the dollar rate.

[Ossandon] But this is seen as the only solution. The farmers are also demanding compensation for the drop in the dollar rate....

[Ortega) I think the solutions are much broader than that. Paying obsessive attention to the dollar is reductionism that is not conducive to looking at the agricultural problems in terms of agricultural problems. The problem is related to trends of the international markets with a certain technological delay for which the country itself is responsible, with our capacity to open markets abroad and with the capacity to increase productivity.

[Ossandon] How can agriculture's profitability be recovered? The fruit trees are being torn down, the traditional plantations are bad. For some, the fields will serve only as an ornament....

[Ortega] There is no chaos in agriculture. There are difficulties and challenges, but we are too far from chaos. I am absolutely convinced that Chilean agriculture will be successful. This country has a tremendous agricultural potential, with exceptional natural, cultural, and human conditions. What the country has to do is turn them into competitive advantages. And we are ready for that. If I wanted to defend a triumphalist position, I could say that this year the planted areas will be increased and the agricultural product will grow as much as the national gross domestic product. Very important investments are also being made. There are approximately 90 agroindustrial projects, and foreign trade will be expanded. Forest and livestock expansion is also outstanding. That does not mean that there are no difficulties. However, showing only the negative aspects of a sector represents an attack on the development of that same sector. We must be objective and show the prospects for Chilean agriculture in the future. [passage omitted]

[Ossandon] Minister Ortega is a defender of opening the international markets and claims that a production structure cannot be kept rigid when changes are taking place in all markets.

[Ortega] This agriculture must be kept open. All economic agents and unions have said so. In an economy of this nature, we must be open to receive all influences and challenges from abroad.

[Ossandon] No to protectionism?

[Ortega] No to protectionism. But distortions must be corrected.

[Ossandon] No to subsidies?

[Ortega] There will be no subsidies to prices. But there will be subsidies in focalized transfers to stimulate transformation or reconversion toward what the economic agents themselves will decide and select in accordance with the signs of the market. And we must take into account the areas that need subsidies most of all.

[Ossandon] Is the idea of an open economy still valid for the farmers? And without special treatment?

[Ortega] The project of an open economy is still valid for agriculture. We will take special care—and this also goes for the private sector—in correcting distortions.

[Ossandon] For many, the love for the land and the protection of land have a sovereignty value which goes beyond the merely commercial....

[Ortega] I fully agree with that. The field must be taken as a human space of great importance for the social and spatial balances of the future, and for the preservation of the national values and culture. There are contributions the fields offer to the Chilean society, and we must appraise and give priority attention to the development of the field as habitat.

[Ossandon] How do you think our agricultural interests will be safeguarded when Chile joins NAFTA?

[Ortega] Everyone, both from the private and public sectors, must participate in this. Concerning NAFTA, we must have full and objective information about the agricultural policies in the NAFTA member countries. I also think that we must have term options for deprivations that could take place in some cases and evaluate the regional impact caused by some agreements. We must especially be very clear about what possibilities an agreement of this nature can offer us.

[Ossandon] Is NAFTA a threat to farmers?

[Ortega] It cannot be understood as a threat when referring to such a significant conglomerate. It opens up very clear prospects, especially if we consider that an

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agreement with NAFTA would imply the elimination of the tariff escalation, which has more effect on those products with greater added value, and our country has good chances of developing itself in this field and placing its products in those markets. There are some areas, in fact, where the country will have to decide whether to maintain them with some safeguard clauses, especially as in the case of dairies. Moreover, we must evaluate our real competitiveness in the future. I have the impression that in the case of sugar, carefully handled negotiations would allow us to increase considerably the surface of beet plantations. There are some areas which, for phyto-sanitary reasons, cannot be included, as in the case of potatoes.

[Ossandon] What would be some of the most adversely affected areas?

[Ortega] In the long term, because agriculture is not going to be abandoned, grain could have a greater impact, but we have said that we are going to maintain the price levels as they are established or will be established in the future.

[Ossandon] How can Chile trust that certain facts similar to what had happened with the poisoned grapes will not happen in the future, considering that we will have to negotiate with the United States?

[Ortega] I believe the safety of Chilean interests will be conditioned upon the sound behavior of the economic agents and of interest groups that operate with regard to certain activities, especially agriculture. I consider condemnable the smear campaign being carried out in the United States against the Chilean grapes.

[Ossandon] Don't you think that the same thing can happen in other areas when associated with NAFTA? Don't you think that the giant can eat us?

[Ortega] No. The important thing is to have clear ideas in the negotiations, and to adopt positions to safeguard the country's interests.

[Ossandon] Concerning Mercosur [Common Market of the South], do you think Chile should join it?

[Ortega] I think so. And we can also work in selling Chilean products in those markets. We must adopt certain safeguard measures concerning some of our products, given the possible deprivations that might ensue, and especially concerning our phyto-sanitary conditions, which make us free of many pests.

[Ossandon] The farmers do not look favorably on the idea of making it easier for Argentines to have access to our ports and to use the same markets....

[Ortega] Negotiations with Argentina and Mercosur will be positive for agriculture in general. Of course, if we look at the natural advantages, we will see that Argentina is a potential power from the agricultural point of view. But for us, Chile has achieved a great deal in its international integration. I would not say that we are being threatened in that sense because of the fact of opening up of traffic. Besides, it is a long-term project. The development of port services or of infrastructure can expedite the sending of products to the Asia-Pacific region because of the greater volumes this could imply. Some countries can supplement each other.

[Ossandon] That is, the markets are sufficiently large; there are possibilities for all....

[Ortega] No. I think we will always have to compete. Of course our competitiveness is challenged by a progressively greater number of countries, and not only by Argentina. Nevertheless, the country has an achievement capacity that allows it to look to the future calmly.

[Ossandon] Is it necessary to establish a state policy concerning the agricultural issue?

[Ortega] I think so, if it is understood as involving a constructive attitude in which the difficulties are not exploited for the good of a party; rather, issues must be looked at from the perspective of true national interest. I think it should be extremely convenient, and the government sees it this way.

[Ossandon] What type of agriculture will the government promote?

[Ortega] The government does not have to establish an agricultural policy. The private agents are the ones who must outline their own activities. The government must facilitate in different ways the decisions by private agents. It can contribute in the development of infrastructure, promoting exports, helping in transferring technology, and encouraging foreign investment that can help conquer markets abroad. We also understand that the government has a regulating role concerning the quality of the products that are exported and that are sold continuously.

Armed Forces Acquire New Defense Systems

PY2601012695 Santiago EL MERCURIO in Spanish 9 Jan 95 p C2

[Report by Patricio Gonzalez C.]

[FBIS Translated Text] This year the Chilean Armed Forces will include a series of new defense systems designed to increase its capacity and logistics as well as to replace part of its obsolete equipment.

Thus, the national defense institutions will continue their constant modernization process within the framework of a new phase that started in the early 1980's and that should conclude at the end of this century.

According to the announcement made early last week by its commander, Admiral Jorge Martinez Busch, the Navy, after several months of negotiations with the United States, has agreed to purchase the largest transport ship of the Chilean fleet (a transport ship for

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armored vehicles) as well as four patrol boats armed in Israel and a 6,000-ton ice-breaker built in Canada.

Martinez Busch explained that the Navy's plans are to gradually replace its units "because it has always been our principle to respect and carefully administer our resources, since they all belong to the Chilean state."

The new 6,000-ton ice-breaker, to be christened Almirante Viel, will be tugged from Canada to Chile by the tugboat Janequeo, which traveled to Canada carrying the necessary equipment for this specific purpose.

This ice-breaker will allow the Navy to make progress in the work being carried out in the Antarctic, replacing the obsolete ship Piloto Pardo, which was not designed to sail in the southern seas.

With this new ship, once it has been repaired and refurbished in the Asmar [Navy Shipyards and Ordnance] shipyards, the Navy will be able to use the Piloto Pardo for tasks more appropriate to its capacity, including transport to and from oceanic territories such as Easter Island, Juan Fernandez, San Felix, San Ambrosio, and northern Chile.

In addition to the ice-breaker, Chile, through a leasing [preceding word in English] system (leasing with purchasing commitment), has agreed to purchase one of the two 8,000-ton Newport-type ships the United States offered it in late 1992.

The United States is currently getting rid of 20 units of this type built between 1969 and 1972. So far Argentina, Malaysia, Venezuela (2 units), Spain, and Taiwan (2 units) have acquired these ships.

The new ship will have a 260-man crew and the capacity to transport 400 men as well as 500 metric tons of vehicles and a support helicopter. The arrival of this ship will cover the Chilean Navy's deficiency in transporting men as well as marine infantry vehicles and will be of great help in the support tasks in southern Chile.

The Navy has also disclosed that it will receive the four Dabur-type armed patrol boats purchased from Israel in late January. These boats will be used to support and protect fishing operations and communities along the coast from Coquimbo up to the northern border.

Currently Chile has six of these units posted in northern Chile; they were acquired from Israel in 1991. Maritime police personnel in charge of patrolling and safeguarding the coastline, as well as rescuing fishermen, will be assigned to these boats.

Defense experts agreed that during 1995 the Chilean Navy should decide to acquire new ships for its fleet to replace the great loss of two of its destroyers (Riveros and Williams) and reinforce its weakened fleet of submarines to prevent its defense capacity from weakening also.

Moreover, the Chilean Air Force [FACh] this year will receive a series of new transport, combat, and reconnaissance aircraft.

Within the framework of a firm policy designed to renew its equipment and increase its technological capacity, after a long building and equipping process that lasted two years, the radar aircraft "Condor," built in accordance with an agreement with the Israeli Air Space Industry, will arrive in Chile in late March.

The aircraft, with strategic characteristics, was built based on a FACh Boeing 707 equipped with radar, included latest-generation radar, that will make it capable of detecting any moving object in the air, on the sea, or on the surface over a wide radius.

The "Condor," which, it is believed, will have its operations base on Easter Island, will be used extensively to patrol the Chilean territorial seas as well as to fight drug trafficking in northern Chile.

Moreover, the FACh will also acquire a new group of Mirage 5M "Elkan" fighter-bombers, recently purchased from Belgium to replace their obsolete Hawker Hunters, which will be taken out of operation in the coming weeks.

These units will be assigned to Aviation Group No. 8 headquartered in Iquique, which, together with Group No. 4 in Punta Arenas (with Mirage "Pantera" aircraft) and Group No. 7 in Iquique (F-5E "Tigre III" aircraft), will be the FACh's defense triad.

Furthermore, the FACh, together with the National Aeronautical Enterprise (Enaer), is developing a new group of attack and advanced training planes: the Casa-Enaer A-36 "Halcon."

This year the Army intends to consolidate the construction of a new series of Mowak tanks that have been operating for several years now in the Army.

The Army will also include the portable surface-to-air missiles and the modernization of the M-50 tanks, a project that will help delay for a few more years the building or purchase of a medium-sized tank for the Army (similar to the one produced by Argentina) to satisfy its internal needs.

These and other vehicles the Army is acquiring (jeeps and trucks) will also help the Army meet the urgent need to mechanize its infantry units, according to the demands of modern warfare, and thus materialize the technological and structural updating plans that Army Commander General Augusto Pinochet has been promoting the past few years.

The modernization plans provide for the acquisition of new rocket artillery equipment ("Rayo" project) and, in the organizational field, the creation of a new air brigade as well as another Parachute Force and a Special Force.

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This year the Army will also complete the installation, with the pertinent means, of the recently created 7th Army Division, headquartered in Coihaique. The Eleventh Region will be the jurisdiction of this new division.

Some years ago there were plans to divide the Army into Army Corps, similar to the one operating in northern Chile, creating another two in the center and southern region.

This measure would have entailed the creation of an eighth division in Temuco. However, these plans were postponed for another time due to the lack of resources.

Socialist Party Names New Congressional Officials

95SM0129A Santiago LA NACION in Spanish 16 Dec 94 p 8

[By Javier Galaz]

[FBIS Translated Text] Valparaiso—The Socialist group of deputies has ratified the appointment of Jaime Estevez to serve as president of the Chamber of Deputies beginning next March, the date when the PPD [Party for Democracy] must turn over that office in accordance with the rotation agreement adopted by the administration.

Under this agreement the PS [Socialist Party] would hold the office for 20 months, and proposals to divide up that period have already been made. Among those said to be interested in "sharing the honors" with Estevez are Armando Arancibia, Isabel Allende, and Carlos Montes.

Reflection Urged

The Socialist group of deputies reported yesterday that it had suggested to the government that a day of "reflection" and analysis be held in January to examine relations between the political team at La Moneda Palace, the pro—government members of Congress, and the parties of the Coalition [of Parties for Democracy].

Sergio Aguilo, the newly elected successor to Jose Antonio Viera-Gallo as leader of the Socialist group of deputies, announced an internal agreement that establishes the priorities for next year's effort in connection with institutional democratization, on the one hand, and payment of the "social debt," which finds concrete expression in the labor reforms and policies that have been designed to defeat poverty.

"In this moment of reflection and analysis," Aguilo declared, "we want to establish certain emphases in order to highlight the role played by the parties and parliamentary delegations in defining the legislative priorities of the Coalition. We believe the views of the congressional groups have not always been taken into consideration, and we want them to play a greater and more influential role. On the other hand, we also want to make certain modifications in our national priorities that will enable the benefits of national development to reach everyone through the medium of redistributive policies."

New Positions

In addition to Aguilo, Anibal Perez took office as the new assistant leader of the Socialist group and Fanny Pollarolo as alternate.

INE Surveys 1995 Private Investment Plans

95SM0129B Santiago EL MERCURIO in Spanish 23 Dec 94 pp A1, A16

[FBIS Translated Text] The results of the Sixth Survey on Investment conducted by the National Statistics Institute (INE) indicate that the investments projected by the private industrial sector for 1995 will total approximately $1.5086 billion—21.6 percent more than the total projected for 1994.

According to this survey, one-third of the investment decisions made by private parties are motivated by exports.

On the other hand, the survey indicates that utilization of the total installed capacity of Chilean industry reached 86.8 percent in October. In the private sector, utilization was 80.5 percent.

Overall investment projected for 1994 in all industry—including both the public and private sectors—reached 53.6 million UF, down 7.4 percent from the figure achieved in 1993. Investment in the private sector, however, recorded a slight increase of 0.3 percent.

The total investment projected for 1995 is 66 million UF, which represents an increase of 24 percent over the figure for this year.

The private sector projected an investment of 45 million UF for 1994, and for 1995 it projects an increase of 21.6 percent to a total of 54.7 million UF, equivalent to $1.5086 billion at the October exchange rate.

If you add in the investments planned by the state enterprises, investments in the coming year will total $1.8313 billion—24 percent above the level anticipated for the entire industrial sector in 1994.

The INE survey—which is based on the plans for investment in the manufacturing industry and for utilization of its installed capacity—has been conducted since 1992 in April and October of each year. The sample consists of 267 companies, of which 187 were chosen because they were the largest companies in each sector of the industry. A total of 80 companies were also selected randomly so that the relatively smaller companies would be represented in the sample.

Investments by companies that have operated in the sector only since 1991 were not included in the survey,

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but new installations of companies that already existed on that date are included, because the unit of observation is the company.

Purpose

The principal objectives of the private investors are to increase present capacity in order to introduce new products and incorporate technological innovations. These objectives represent 82 percent of the responses, calculated on the basis of the sums to be invested in each individual case. The remaining 18 percent is destined for the replacement of existing equipment.

In the April survey, 29.4 percent of the projected investments were oriented toward exports—a figure that rose to 47.6 percent in the October survey.

The INE points out in this respect that the October figure is strongly influenced by the investments in the industrial chemicals category, whose total exports rose to 11.3 million UF from 1.4 million. Except for these investments, the 47.6 percent total would have been 32.7 percent. The INE points out in this connection that almost one-third of the investment decisions in the private sector are motivated by exports.

Six sectors account for 75.9 percent of all investment planned for 1995. They are: Basic nonferrous metals industries, 28.5 percent; industrial chemicals, 19 percent; food products, 12 percent; paper and paper products, 7.5 percent; nonmetallic minerals, 4.8 percent; and wood and wood products, 4 percent.

In the private sector, the list is headed by the industrial chemicals category, which accounts for 23.1 percent, followed by basic nonferrous metals industries, 16.8 percent; food products, 14.6 percent; paper and paper products, 9.1 percent; nonmetallic minerals, 5.9 percent; wood and wood products, 4.9 percent; and beverages, 4.7 percent.

Official on Telecommunications Priorities

95SM0129C Santiago EL MERCURIO in Spanish 29 Dec 94 p B5

[FBIS Translated Text] Subtel [Undersecretariat of Telecommunications] Undersecretary Jorge Rosenblut announced yesterday that two of Subtel's priorities for 1995 are the introduction—during the first half of the year—of a bill to create the Superintendency of Telecommunications, and preparation of the regulations that will govern personal telephone service.

Rosenblut listed Subtel's priorities for the coming year. He pointed out that the rules and standards followed by Subtel in regulating the sector will be updated, modified, and harmonized in accordance with technological advances and the recent changes made in the general telecommunications law.

This will involve issuance of the general regulations governing telecommunications; regulations relating to interconnections and telephone service; and basic technical plans for numbering, routing, and signaling, among others.

He said in passing that an attempt will be made in 1995 to strengthen the oversight function by creating a superintendency—a proposal that is already being reviewed by Subtel and will probably be sent to Congress during the first half of the coming year.

He also announced that Subtel will take special care to ensure that the multicarrier system is functioning in accordance with the laws and rules that regulate it. This will include monitoring the commercial practices of the telephone companies and carriers to verify that these practices are appropriate.

Rosenblut said in this connection that bids will be solicited in January on contracts under the terms of which private companies will in the future monitor the metering of the long-distance traffic carried by each company and analyze—on behalf of the state—the diskettes submitted by the local telephone companies. The contracts are to be awarded next March.

Rosenblut stated, however, that Subtel is already in possession of the statistics covering long-distance traffic provided in Chile by the carriers during the first three months the multicarrier system was in operation—September, October, and November. He said this data is scheduled for publication on Friday of next week.

Another priority for 1995 involves the introduction of the personal communications system known as personal telephony. The relevant standards are currently being worked on.

Preparation of the technical regulations covering personal telephony is expected to begin in January and be completed during the first quarter of 1995. Bidding on the contract to provide the service to those interested will probably take place in midyear.

Other priorities involve speeding up various procedures such as the processing of requests for concessions, permits, and licenses.

Rosenblut took the opportunity to say that the balance sheet of the multicarrier system is quite positive, inasmuch as it has already made substantial rate reductions possible, primarily in certain regions. He anticipated that after a promotional period, rates will tend eventually to stabilize—a situation that should be reported in a timely fashion by the companies in question.

Minister, Central Bank Director Praise Argentine Economy

PY2601011095 Madrid EFE in Spanish 1517 GMT 24 Jan 95

[FBIS Translated Text] Brasilia, 24 Jan (EFE)—The Brazilian Government believes that the Argentine economic situation is "extremely positive," and it bets that the neighboring country will not be affected by the Mexican exchange crisis.

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During a news conference hosted for foreign correspondents, Brazilian Finance Minister Pedro Malan and his main advisers today made a laudatory analysis of the situation in Argentina, which is Brazil's partner in the Common Market of the South (Mercosur).

In order to examine and study the possibility of occurrence in Argentina of a crisis simimlar to the one experienced in Mexico, Malan sent Central Bank director Francisco Lopes to Buenos Aires. Lopes recently accompanied Brazilian Foreign Minister Luiz Felipe Lampreia on a visit to the Argentine capital.

"Both in the government sector and in the financial system, the situation is much better than press reports have said," Lopes noted.

Lopes emphasized that "Argentina will overcome this turbulence," admitting that "this turbulence will continue for 15 days or one month," because of the Mexican exchange crisis and of "problems in some small banks, which will be resolved in the medium term with the strengthening of the banking system."

"I can bet that Argentina will overcome the crisis with calmness, and this is very good news for us and for all of Latin America," Lopes said.

Minister Malan emphasized that "the degree of friendship we have with Argentina is excellent," giving assurances that "we Brazilians, on the one hand, and the Argentines, on the other, have big interests that are common to us," like macroeconomic stability, which the two countries are trying to harmonize.

"We wish success for Argentina, just like they wish success for us," Malan said, adding that this attitude is also justified by the two countries' determination to successfully implement Mercosur," which also includes Paraguay and Uruguay.

Malan said there is a very fluid—almost daily—dialogue with Argentine economic officials, and that it is not necessary to call for a meeting to talk about bilateral affairs.

Lopes emphasized that "the whole of Latin America is very much interested in what can be observed in Argentina, which is very positive, and all of us are making efforts to prevent the Mexican crisis from occuring in neighboring countries."

"After a really objective, technical evaluation, without being influenced by the common wish that things run smoothly, I can say that the situation is extremely positive," Lopes emphasized.

He added: "I believe the Argentine position is extremely sound, and the most tangible evidence of this is the fact that the Economy Ministry is now publishing in Argentine newspapers a table, with a three-day delay, of Argentine Central Bank reserves."

"The Argentine Government is doing this to show that it is convinced that the cash conversion system that it adopted gives sound security to the Central Bank," Lopes said.

He added that "under the convertibility law, the Central Bank is compelled to have a monetary base of 100 percent. Each peso that is printed must have a corresponding equivalent in the monetary base."

"Argentina is probably the only Latin American country with objective conditions for facing the crisis, partly because of a recent fact, because of the conversion scheme, which cannot be adopted by either Mexico or Brazil."

Lopes noted that "Argentina has unique features, including an enormous degree of dollarization. Deposits account for approximately $45 billion, of which more than one half, some $26 billion, is in dollars," showing that, depending on circumstances, Argentina can operate with dollars or pesos.

Official Says Ties With Argentina at 'Optimum Level'

PY2501232895 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1418 GMT 25 Jan 95

[FBIS Translated Text] Buenos Aires, Jan 25 (NA)—Chilean Ambassador Eduardo Rodriguez Guarachi has said that relations between Chile and Argentina "are at an optimum level." The ambassador rejected Foreign Minister Guido Di Tella's opinion that the appeal of the Laguna del Desierto decision was the result of right-wing parties' pressure.

Rodriguez said his country filed "a petition of interpretation and a petition of revision due to a factual error," adding that, in his opinion, the appeal will not hurt bilateral relations.

The diplomat said Chile "was a very legal-minded country, very respectful of legal decisions," adding that "the government said immediately after the decision was issued, and on numerous occasions afterward, that it will respect the arbitration tribunal's decision."

"From a human point of view, from the point of view of the country's national feelings, it is very painful because we lost the entire area. We were not prepared for that. We thought our legal arguments were acceptable and reasonable," the ambassador said.

Rodriguez added the decision produced "an internal commotion," adding that "all social groups agreed that here we had a legal instrument issued by a tribunal, which must be respected, but which is objected to because it is considered to be a bad decision."

In an interview with Rodriguez published today by AMBITO FINANCIERO, the ambassador said the tribunal "did not respect" Chilean experts' arguments. It accepted the Argentine position in its entirety, "whereas

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generally this type of tribunal rules based on equality. Here the decision is based on legal aspects."

Rodriguez said he did not agree with Foreign Minister Di Tella's remarks that the appeal was the result of pressures exerted by Chilean right-wing parties.

The ambassador said President Eduardo Frei received a report from "the most critical senators. In addition, legislators formed a commission to analyze the decision and deliver a report to the executive branch."

Asked about the timeframe that might be necessary to resolve the problem, the ambassador said: "Argentine authorities have been told that the tribunal was asked to issue an opinion as soon as possible."

Industrial Property Cooperation Agreement Signed With Spain

PY2501174895 Madrid EFE in Spanish 1740 GMT 24 Jan 95

[FBIS Translated Text] Santiago, 24 Jan (EFE)—The governments of Chile and Spain signed in Santiago today a cooperation agreement on industrial property that will allow them to maintain a smooth exchange of information in that field and will help Chile obtain advanced technology.

The agreement was signed by acting Economy Minister Carlos Mladinic, representing the Chilean Government, and by Julian Alvarez, general director of the Spanish Office of Patents and Trademarks.

Alvarez told EFE that the agreement is in line with the actions that the Spanish Government has maintained in this field with Chile for 13 years, and that it essentially seeks the modernization of the Industrial Property Department in Chile.

He added that in addition to the transfer of technology, the agreement will promote the exchange of experts for the common use of information, and will provide all documents concerning trademarks to serve as a basis for the organization of a library of the Industrial Property Department.

According to the Spanish official, technological information is a key element in an increasingly more global economy, and this has been understood by the Spanish officials, who have achieved tremendous development in this field since the inclusion of Spain in the European Community.

The Spanish Office of Patents and Trademarks is considered one of the greatest and most modern in the world in this field.

Mladinic said that Spanish cooperation will help Chile take a resolute step forward in modernizing industrial property in Chile. He added that a draft bill to create an autonomous institute in this area will be soon sent to Congress.

Through this agreement the two countries promised to maintain channels for the exchange of available information on the work being developed for the modernization and development of the various industrial property rights.

Moreover, they will cooperate in the development of new systems of documents and information on industrial patents, trademarks, models, and drawings, and will periodically exchange the publications they may issue.

Human Rights Group Issues Report on 1994

95P20415A Santiago LA NACION in Spanish 11 Jan 95 p 6

[Article by Gabriel Freire]

[Text] The Christian Churches Social Aid Foundation (FASIC), after categorizing 1994 as "sweet and bitter, with the bitter prevailing over the sweet" with regard to human rights, asserted that in the five years of democratic transition the country's most important political crises have continued to have to do with the still unresolved human rights violations.

FASIC—represented by lawyers Veronica Reyna, Pamela Pereira, Nelson Caucoto, Hector Salazar, and Sergio Concha—issued a detailed report on what happened during 1994 in human rights, and with regard to current events, they rejected outright the government's plan to create a special prison for members of the military and public figures.

For Salazar, the bitter part refers to the fact that "in the very serious issues the final rulings definitely involved a step backwards regarding the outstanding debt in the matter of human rights violations."

The lawyers stated in one part of the report that one of the main characteristics of President Frei's administration in this matter had to do with the lack of commitment to the issue, which marked a notable difference from the previous Coalition [of Parties for Democracy] government.

They specified that for this government these pending problems lie with the courts of justice, and that is the branch that has to give a response. "The government took a position of nonparticipation and nonintervention in these problems."

The document issued by FASIC notes the government's actions regarding human rights; how the legal system operated, and the tensions that have been experienced within it as a result of the interference of the military; the most important jurisprudence issued by some of the court bodies; and the most significant intitatives undertaken by FASIC to promote institutional changes that would contribute to the democratization of our organizations.

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Colombia

Colombian Officials Seek Narcotics Aid from U.S.

PA2501180495 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 24 Jan 95

[Telephone interview with Carlos Lleras de la Fuente, Colombian ambassador to the United States, by news director Dario Arizmendi and journalist Javier Ayala; from "Caracol's 0600 to 0900" newscast—live]

[FBIS Translated Text] [Arizmendi] We greet Colombian Ambassador Carlos Lleras de la Fuente in Washington this morning. Good morning, Mr. Ambassador.

[Lleras] Good Morning. How are you?

[Arizmendi] Well, thank you, sir. What are the results of this trip, which is continuing today?

[Lleras] Well, we are doing quite well. This is a normal trip, which Colombian officials carry out from time to time, to review the status of those programs the two countries are working on with their U.S. counterparts. We had a very fruitful day of talks which we will continue today as of 0900.

[Arizmendi] What can we expect regarding current trade problems, specifically with things such as flowers, tuna, and other Colombian products?

[Lleras] The problem surrounding our roses will be dealt with at the Department of Commerce this coming Thursday [26 January]. They will announce their decision on Friday. I have been talking with U.S. officials, and I trust the results will be favorable for the country. Regarding banana exports, the United States has begun an inquiry to determine whether Colombia has been discriminating against U.S. companies. You know that this is not the case, of course, because you are familiar with the regulations that govern banana exports to Europe, in accordance with EU [European Union] rulings in this respect. We have presented evidence of this to the authorities at the Commerce Department which indicates that all exporting companies in Colombia, including U.S.-owned companies such as Chiquita Brands, are working under the same conditions, and therefore, there is no discrimination against U.S. companies. I hope these cases will also have a favorable outcome.

[Arizmendi] I would like to go back to the high-level delegation visiting the United States for a moment. Have they discussed the issue of extradition with their U.S. counterparts?

[Lleras] One usually addresses most of the major issues when one discusses drug trafficking. I believe we have discussed the whole range of topics that we have been discussing in Colombia these last few months. Now they have analyzed them all, as well.

[Ayala] What is the delegation, which includes Justice Minister Nestor Martinez, Prosecutor General Alfonso Valdivieso, and Police Director Rozo Jose Serrano, looking for? Are they there to present a report to U.S. officials or to reaffirm relations between the two countries in the fight against drug trafficking?

[Lleras] Neither of the two, because the Colombian Government does not report to anyone. It is holding talks with U.S. officials regarding ongoing policies. One example is crop eradication, which has been publicized lately and is included in our discussions here. Other issues are crop substitution and supplementary crops. They are all very important issues in the fight against drugs which Colombia is waging. Here, we are discussing and commenting on the results. Therefore, as you can see, these are meetings to—how can I put it?—analyze the results of the joint efforts of the two countries.

[Arizmendi] Ambassador Carlos Lleras de la Fuente, are you expecting to get some degree of financial aid at the end of these talks between the two countries?

[Lleras] No, no, no. That is not the goal. There will likely be talks about ongoing plans regarding judicial reform, for which we have been receiving financial assistance for some time from the IDB [Inter-American Development Bank]. Talks with the IDB will probably take place today—no, I mean tomorrow.

[Ayala] Mr. Ambassador, the Colombian Government announced a few weeks ago that it would restructure and redefine the DEA's role in Colombia. Has that idea been put into practice yet? Are the current discussions between Colombian officials and representatives of the U.S. Government in Washington a part of that effort to redefine the DEA's presence in Colombia?

[Lleras] That issue was dealt with some time ago. At that time it was determined that the DEA would operate within the terms established by the Colombian Government, which is quite obvious and also consistent with the government's standing policy on this matter. That was the agreement. We paid the DEA a visit yesterday and had a talk with Administrator Thomas Constantine. We agreed that cooperation is very important in terms of intelligence and such, but we totally agree that all these operations and the work DEA does to support Colombian authorities shall be done within the parameters established by the Colombian Government, and the DEA may not go beyond them.

[Arizmendi] Is the certification that the U.S. Government must provide Congress before it renews the cooperation agreements between Colombia and the United States in jeopardy?

[Lleras] No, no, no. I am sure that will not be the case.

[Ayala] Mr. Ambassador, when you say we have an agreement with the United States requiring that DEA operations comply with current regulations, does that mean there will be changes in the way the DEA operates in Colombia?

[Lleras] No. The DEA has always carried out intelligence work and special operations in coordination with the National Police and its narcotics officials, as determined by

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the government. The DEA crisis was prompted by certain untimely statements by a former DEA chief, a Mr. Toft. Such statements are specifically prohibited. He made all sorts of intrusive and absurd accusations against the country. This person was probably experiencing certain psychological problems after having spent so much time away from the United States. One of the things we have discussed with the DEA and Mr. Constantine on several occasions is that people should stay no longer than three years at such a stressful job in order to prevent psychological disorders such as those involved in this case.

Justice Minister Comments

PA2601025695 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 26 Jan 95

[Report by Gilberto Cabrera in Washington; from the "24 Hours Newscast"]

[FBIS Translated Text] Even though U.S. State Department officials were skeptical about the two-year deadline proposed by Colombia to eradicate illegal crops in our country within this period, Prosecutor General Alfonso Valdivieso Sarmiento and Justice Minister Nestor Humberto Martinez were able to obtain loans for the fight against drugs.

There were two basic objectives on the agendas of the justice minister, the prosecutor general, and the Colombian ambassador to Washington, Carlos Lleras de la Fuente: first, to appeal to international banks in order to get loans for the fight against drug trafficking, and second, to attempt to convince U.S. authorities that Colombia is still fighting this scourge.

To accomplish this goal, they have even resorted to U.S. Ambassador Miles Frechette, and the actions taken by the Colombian officials have apparently been fruitful, at least in one of the two aspects, because the Inter-American Development Bank has granted a preliminary loan for $1 million and will study another one for $15 million in the next few months. This achievement is only part of the goal, however:

[Begin Martinez recording] We are going to be using up $150 million of Colombian resources for this fight, and because this problem is an international one, we are demanding resources for similar amounts from the international community. [end recording]

Meanwhile, Valdivieso has worked at the World Bank. He has received from the U.S. Government a series of documents that could be used as evidence in specific cases of drug trafficking in Colombia. The morning ended on this note.

The Colombian officials' trip to Washington continued in the afternoon when they visited the offices of the Senate International Affairs Committee. The goal of the meeting was to deliver Colombia's proposals on money laundering and to explain to the committee members as well as to its chairman, Senator Jesse Helms, the Brightness Plan [Plan Resplandor], through which the Colombian Government plans to eradicate the cultivation of illegal crops in Colombia within two years:

Following the meeting, we asked the justice minister about the meeting:

[Begin recording] [Unidentified reporter] What were the results of the meeting? Good or bad news?

[Martinez] It was a positive meeting. Something we believe is important to note is that people here are well informed about what is going on in Colombia. That point is good, very important for our country.

[Reporter] You look a little let down, however, more so than when you went in for the meeting.

[Martinez] No, the thing is that this cold weather is killing me. [end recording]

Perhaps it was the cold weather, but officials from the Senate International Affairs Committee said after the meeting that they were pleased with the Colombian Government's intentions but that they were skeptical, because two years is too short a time.

Poll Surveys Attitudes Toward Samper, Issues

95CA0100A Santa Fe de Bogota SEMANA in Spanish 10 Jan 95 pp 16-36

[FBIS Translated Excerpts] The change of year is always a good occasion for taking the pulse of public opinion. SEMANA has been doing this consistently since 1990, and repeated it this December, once again contracting the services of the Gallup-Colombia firm to poll Colombians on some 20 topics. Because of the continuity of this process, it was possible to make some interesting comparisons with the previous years' results, especially those of 1992 and 1993, to learn, for example, whether the use of condoms is increasing during the AIDS era. Similarly, the figures on the opinion regarding President Ernesto Samper and his government could be compared with those obtained last October, when the administration was 100 days old and SEMANA and Gallup conducted a first poll.

The topics analyzed, among others, are the government and its highest ranking officials, the potential of the different presidential hopefuls, the guerrillas, the drug traffic, corruption, confidence in the leading institutions in both the public and private sectors, and the happiness and expectations of Colombians. Also included are infidelity, AIDS, condom use, alcoholism, and drug addiction.

Methodology

A poll was taken for SEMANA by Gallup-Colombia at 100 sampling points in Bogota, Medellin, Cali, and Barranquilla, among 1,000 persons (500 males and 500 females) over age 18, from the three social classes. The field work was done between 9 and 20 December of last year.

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The President's Image

Do you have a favorable or unfavorable opinion of President Ernesto Samper? (percent)

	Favorable	Unfavorable
Total	76	12
Bogota	79	13
Medellin	59	15
Cali	87	9
Barranquilla	72	11

Satisfaction With Samper's Administration

All things considered, are you satisfied or dissatisfied with the way in which Ernesto Samper is performing as president of the republic? (percent)

	Satisfied	Dissatisfied
Oct/94	59	14
Dec/94	59	19

There is no doubt: the honeymoon between national opinion and President Samper is continuing. His popularity (measured as a favorable opinion of his image) exceeds 75 percent, and does so consistently in each of the four major cities. It is only a little less high in Medellin. As for the degree of satisfaction with the president's administration among those polled, the figures are not so good as those on the popularity of his image. However, they are quite positive. Compared with the satisfaction generated by the president's administration in October at the end of 100 days of government, that generated today is equally high (59 percent). Nevertheless, the percentage of dissatisfied persons has risen a few points: from 14 to 19 percent.

Samper: Better or Worse Than Expected

Has President Ernesto Samper proven better than you expected, as you expected, or worse than you expected? (percent)

	Oct/94	Dec/94
Better Than Expected	22	20
As Expected	51	52
Worse Than Expected	7	12

The results for this question confirm that support for the president is being maintained, although a slight increase has occurred in the number of those finding Samper "worse than they expected." This indicator rose from 7 to 12 percent between October (at the end of 100 days of government) and last December.

Colombia's Greatest Problem

In your view, what is Colombia's greatest problem at present. (percent)

	Dec/92	Dec/93	Dec/94
Insecurity	15	26	33
Violence	16	14	17
Guerrillas	24	10	12
Unemployment	9	15	10
Drug Traffic	8	7	7
Poverty	3	4	5
Corruption	1	9	4
Drug Addiction	1	3	2
Education	-	1	2
Cost of Living	1	3	1

It is obvious that Colombians are tending to be increasingly less concerned over the problems that most afflicted them during the past decade (guerrillas and the drug traffic). They now appear to be more concerned about insecurity and violence in general. The growing uneasiness regarding insecurity is the most evident. Other social and economic worries seem less significant now, as in the case of the unemployment situation, a priority concern for 15 percent a year ago, and for only 10 percent now. This is something that could be a reflection of the decline in the unemployment rate during the past four years, when it dropped from 11 to slightly over 7 percent. Somewhat the same thing holds true of inflation, a priority concern for 3 percent of those polled a year ago, and for only 1 percent now.

Which Is More Serious: Guerrillas, Drug Traffic, or Corruption?

In your view, which is more serious in Colombia at present: the guerrillas or the drug traffic? (percent)

	Dec/92	Dec/93	Dec/94
Guerrillas	32	34	30
Drug Traffic	16	20	23

In your view, which is most serious in Colombia at present, the guerrillas, the drug traffic, or the corruption in the public sector? (percent)

	Dec/93	Dec/94
Guerrillas	11	9
Drug Traffic	9	6
Corruption	46	55

The first of these two questions reflects in its results for 1992, 1993, and 1994 a slight but more or less steadily declining trend in the concern over the issue of the guerrillas, and a rise in the concern over the drug traffic. Nevertheless, in the next question, when the issue of

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corruption is added, everything changes. The guerrillas and the drug traffic assume a secondary status, and corruption is of increasing concern: The percentage of those polled who appeared more concerned over corruption rose from 46 in December 1993 to 55 percent last December.

What To Do About the Guerrillas

What should the government do about the guerrillas? (percent)

	Dec/92	Dec/93	Dec/94
Combat them militarily	53	39	27
Hold dialogue with them	38	51	65

It is confirmed here that, after long periods of dialogue (such as occurred in late 1992), the lack of results leads to a rejection of the expedient of negotiating with the guerrillas. Similarly, after long periods of military combat without dialogue (as is the case now), the option for negotiation regains support.

What To Do Against the Drug Traffic

As for the drug traffickers, with which of the following alternatives do you most agree? (percent)

Let the drug traffickers who leave the business be pardoned by the justice system.	26
Let the drug traffickers who surrender, confess their crimes, and transfer their properties to the state have their penalties cut in half.	48
Let the drug traffickers be prosecuted by the authorities, and do not negotiate anything with them.	24

It is interesting to note that the surrender policy (reduction in penalties in exchange for confession, personal surrender, and surrender of assets) is the option most supported by Colombians. This is in contrast to the extreme solutions of pardon in exchange for withdrawal from the business, and repression with no possibility of negotiation.

Familiarity With, and Image of High-Ranking Officials

Are you familiar with, or have you heard mention of the following persons? Do you have a favorable or unfavorable opinion of them? (percent)

Official	Familiarity	Favorable	Unfavorable
Humberto de la Calle, Vice President	95	73	9
Horacio Serpa Uribe, Government Minister	87	65	9
Fernando Botero Zea, Defense Minister	80	50	11
Juan Gomez Martinez, Transport Minister	57	38	8
Alfonso Valdivieso, Prosecutor General	53	27	9
David Turbay Turbay, Comptroller General	70	26	23
Rodrigo Marin B., Development Minister	53	24	9
Cecilia Lopez Montano, Environment Minister	36	22	4
Guillermo Perry Rubio, Finance Minister	42	19	5
Daniel Mazuera G., Commerce Minister	36	17	5
Arturo Sarabia B., Education Minister	32	16	5
Orlando Vasquez V., Attorney General	35	15	7
Nestor Humberto M., Justice Minister	26	15	2
Rodrigo Pardo G., Foreign Affairs Minister	32	14	2
Armando Benedetti, Communications Minister	26	12	3
Maria Sol Navia, Labor Minister	24	9	4
Jorge Eduardo Cock, Mines Minister	20	8	3
Antonio Hernandez G., Culture Minister	16	6	2
Alonso Gomez D., Health Minister	14	4	2

[passage omitted]

Confidence in Institutions

(figures are percentages)

Institution	1993	1994
Catholic Church	72	74
Television Newscasts	62	69
Radio Newscasts	58	64
Private Enterprise	57	62
Newspapers	56	58
Attorney General's Office	50	56
Prosecutor General's Office	52	55
Army	59	55
Comptroller General's Office	45	51
Judges and Judicial System	41	43
Trade Unions	37	42
National Police	34	33
Congress of the Republic	25	31
Political Parties	18	22

The Catholic Church maintains the leadership that it has always had on this rating list, followed by the news media and private enterprise. At the tail end, as usual, are the political parties, the police, and the Congress.

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The Security Cooperatives

Do you agree or disagree with the creation of the rural security cooperatives? (percent)

Social Classes	Agree	Disagree
Total	58	33
A-B	55	34
C	57	36
D-E	60	30

It is obvious that the notion of bolstering security through any system, including that of the cooperatives proposed by Defense Minister Fernando Botero, has considerable support. The strange part about it is that this idea, which seems to be, rather, one of the right, enjoys more backing among the low-income classes (D-E) than among the upper and upper middle classes (A-B). As for the cities, the one suffering most from insecurity problems, namely, Medellin, is where the idea is most popular.

Happiness and Expectations of Colombians

In general, all things considered, how happy do you feel? (percent)

	Dec/92	Dec/93	Dec/94
Very	63	75	68
Not very	34	23	29
Not at all	3	2	4

Do you think that your children will live in a country better than, the same as, or worse than the one in which you have had to live? (percent)

	Dec/92	Dec/93	Dec/94
Better	31	41	38
Same	11	11	11
Worse	53	40	44

The trend in the feeling of happiness based on SEMANA's last three major polls reveals a peak in 1993 and a decline in this satisfaction index at the end of 1994. This is confirmed by the question gauging long-term expectations, in which there is a slight decline from a year ago in those who think that their children will live in a better country, and a slight rise in the number of those expecting them to live in a worse country. [passage omitted]

AIDS

Do you, or do you not, have some family member, friend, or acquaintance who has been infected with the AIDS virus? (percent)

	Dec/93	Dec/94
Yes, I do	3	6
No, I do not	97	94

Although it may seem to be marginal information, the fact is that the rise from 3 to 6 percent among those answering this question affirmatively, which occurred between December 1993 and December 1994, is quite disturbing.

Condom Use

Have you ever used a condom in your sexual relations? (Question asked only of males) (percent)

	Dec/91*	Dec/93	Dec/94
Yes	46	53	59
No	40	47	41

*Poll conducted by the National Consulting Center for SEMANA during December 1991 in the five major cities.

It is evident that condom use is still increasing, although not as quickly as would be desirable. The fact that 41 percent of those polled have not yet ever used a condom is disturbing. It should be stressed that condom use is considerably greater among the youngest group (18-34 years), 70 percent of whom claimed to have used it, with over half always or almost always using it.

Alcohol

Are there any persons in this household with alcoholism problems? (percent)

	Dec/92	Dec/93	Dec/94
Yes, there are	5	6	9
No, there are none	95	93	91

There appears to have been a more or less steady increase in the indexes of alcoholism between 1992 and the present, when nearly 10 percent of those polled admit problems of this type existing in their households.

Drugs

Have you tried any of the following drugs? (percent)

Drug	Dec/93	Dec/94
Marijuana	8	10
Cocaine	3	4
Basuco	2	3

A slight increase is observed in the index of persons admitting that they consumed one of these drugs: something that should unquestionably be of concern to the health authorities.

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Ecuador

Government Issues Communique on Peruvian Border Incursions

PA2501144295 Quito Voz de los Andes in Spanish 1200 GMT 25 Jan 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] The National Security Council has announced that Peruvian overflights continue in the border area. An official communique adds that in the past few days, helicopter gunships have continued overflying Ecuadoran territory, a provocation that seriously threatens national security. The reports of flights over Ecuadoran territory jeopardize peace at the border area, the official communique adds.

Meanwhile, President Sixto Duran-Ballen has called the guarantor countries of the Rio de Janeiro Protocol to an emergency meeting so he can inform them of the most recent border incidents. The president also asked these countries for help in resolving these incidents. The president's request has been well received by diplomatic circles in the country.

From another quarter, the foreign ministers of Ecuador and Peru have agreed to coexist peacefully and to overcome the border skirmishes through dialogue. Ecuadoran Foreign Minister Galo Leoro Franco said that the goal is to resolve problems peacefully. Leoro said efforts will be redoubled to resolve the problems within the framework of common guidelines for peaceful coexistence.

CSN Warns of 'Serious Friction' If Overflights Continue

PA2501163495 Paris AFP in Spanish 1402 GMT 25 Jan 95

[FBIS Translated Text] Quito, 25 Jan (AFP)—In a communique released early this Wednesday, the Ecuadoran National Security Council (CSN) stated that the "repeated" overflights of national territory by Peruvian gunships in the past few days "could be the source of possible and serious friction" between both nations.

The official CSN communique reads as follows:

"All members of the National Security Council met last night to learn about the situation that has developed in the Cenepa-Coangos region as a result recent events there. The CSN has been informed that armed helicopters have again overflown Ecuadoran territory, a provocation that severely compromises national security.

"Likewise, the CSN was brought up to date on the status of talks between the Ecuadoran foreign minister and his Peruvian counterpart that took place this past Monday in Santa Cruz de la Sierra, Bolivia within the context of the Andean Council foreign ministers meeting.

"The Ecuadoran foreign minister spoke to his Peruvian counterpart about the urgent need to reach a peaceful solution to the incidents that took place on 9 and 11 January, incidents which have created great concern among the people and Government of Ecuador. During the previously mentioned talks, the Peruvian foreign minister said his government was more than willing to reach a peaceful and satisfactory agreement and suggested that they continue the diplomatic talks that have been taking place in Lima.

"Likewise, the CSN was made aware that yesterday morning, the president of the Republic had summoned the ambassadors of the guarantor countries of the Rio de Janeiro Protocol to provide them with an official account of the incidents, as well as to request the support of their respective governments in reaching a solution.

"The National Security Council believes a repetition of such incidents could lead to serious friction in the previously mentioned region."

Government Announces No Incidents Along Border With Peru

PA2601022095 Madrid EFE in Spanish 0034 GMT 26 Jan 95

[FBIS Translated Text] Quito, 25 Jan (EFE)—The Ecuadoran Government announced on 25 January, through a communique issued by its Foreign Ministry, "there have been no incidents" along its Amazonian border, where it had denounced an incursion by Peruvian helicopters hours earlier.

"There have been no incidents in the Coangos-Cenepa border area since the evening of 24 January, when the National Security Council issued a press bulletin (denouncing an incursion by helicopters from the neighboring country)," the communique stated.

It added the Brazilian Government, one of the four guarantors of the so- called "Rio de Janeiro Protocol," a January 1942 agreement which defined the borders between Ecuador and Peru, summoned the ambassadors of Argentina, Chile, and the United States on 25 January "to discuss the situation at the Ecuadoran-Peruvian border."

Ecuador has considered that protocol "null" and "unexecutable" since 1960, and this point left unfinished the border demarcation along a 78 km stretch of the Amazonian region, which was the site of armed conflicts or skirmishes between soldiers of the two countries in 1981, 1991, and on 11 January.

Ecuador also denounced an incursion by Peruvian helicopters in that area this week.

"We expect the Ecuadoran Foreign Ministry will be informed in the next few hours about any resolution to achieve peace adopted in Brasilia," the Foreign Ministry communique added.

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Paraguay

Brazilian Drug Trafficker Catafesta Extradited to U.S.

PY2501151295 Asuncion ULTIMA HORA in Spanish 24 Jan 95 p 88

[FBIS Translated Excerpt] The Brazilian Clovis Antonio Catafesta Amiliato was unexpectedly extradited to the United States early on the afternoon of 23 January. Catafesta was arrested on 6 October 1994 on charges of drug trafficking, and was being held at the National Narcotics Directorate. Upon request from New York Judge Anne Roberts, he was turned over to DEA agents. [passage omitted]

Two U.S. drug enforcement agents took Catafesta to the United States on a Ladeco [Chilean Airline] flight. The flight was scheduled to make a stopover in Santiago, and then go on to Miami.

The extradition was carried out with the least possible publicity, and the man who has been viewed as a key player in the drug game is now out of the country. Judge Angel Barchini authorized Catafesta's extradition. [passage omitted]

Peru

Government 'Warned' Not To Sign Accords With DPRK

PY2501141195 Lima EL COMERCIO in Spanish 14 Jan 95 p A4

[From the "Unconfirmed" column]

[FBIS Translated Text] The Peruvian Foreign Ministry has reportedly been warned by other Latin American foreign ministries to abstain for some time from signing any agreements or commitments with the North Korean regime.

The problem does not necessarily lie in the DPRK regime being communist, as it maintains normal diplomatic and trade relations with most Latin American governments.

The problem would rather lie in the fact that the precarious health of DPRK leader Kim Chong-il, son of Kim Il-song, might jeopardize the country's future leadership, as he is the last in the line of succession.

The foreign ministries of some Latin American countries with which North Korea has intensified its contacts in recent times are carefully evaluating the above issue, as well as others that might reflect a crucial regression in DPRK foreign policy.

Officials Minimize Ecuadoran Charges of Border Violations

PY2601111495 Lima Global de Television Network in Spanish 0130 GMT 26 Jan 95

[FBIS Translated Text] Politicians and international relations experts have minimized Ecuadoran charges of a supposed Peruvian incursion into Ecuador. They said that these rumors are spread every time the anniversary of the Rio de Janeiro Protocol is celebrated. Listen to what they said:

[Begin recording] [Unidentified official] Relations are as friendly, as always. There are no serious problems, but unfortunately there are always certain unsatisfied sectors trying to create an abnormal situation.

[Unidentified reporter] Would it not be advisable to invite the foreign minister to Congress to explain the situation?

[Official] No. It is not necessary, because this is a subject that is always treated at the level of the respective foreign ministers. There is a climate of good understanding, and problems are usually resolved temporarily until the demarcation problem is solved. This is a subject that requires much time. We have already invited President Fujimori and the Ecuadoran president to come here and see how we Peruvians really do care for the Ecuadoreans, but always, of course, respecting the Rio de Janeiro Protocol. The respective high-ranking officials, starting from the respective presidents and ministers, always seek the most adequate solutions within a climate of peace and understanding. The communiques are always a result of the situation of the moment. You can rest assured that this situation will be resolved. Today America must be united. We must all wait and consolidate ourselves within a climate of peace and respect for international agreements.

[Second unidentified reporter] How can that be done?

[Second unidentified official] There can be no other way but through respect for international law. We do have here an Ecuadoran petition. But it is not true that we have violated the air space. Our operations are carried out in Peruvian territory. The [name indistinct] basin belongs to Peru, according to the agreement. We have therefore not offended anyone. We want integration. We want this integration to lead us to the greatest integration in the north with Peru, Ecuador, Colombia, and Brazil to Belem do Para, creating an Amazonian pole, and in the south with Argentina, Brazil, Uruguay, Paraguay, Bolivia, and Chile toward the Pacific Basin. [end recording]

Assignments Within Armed Forces Disclosed

PY2501131595 Lima CARETAS in Spanish 12 Jan 95 pp 34-36

[FBIS Translated Text] The rivalry between Nicolas Hermoza and Vladimiro Montesinos has now shifted to the field of appointments, and the presidential adviser has managed to recover some of the points lost in promotions.

The recently promoted General Juan Yanqui Cervantes, an artilleryman from Arequipa, as is Montesinos, has been appointed Army Intelligence (Dinte) director. Last

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year Yanqui was stationed at the National Intelligence Service [SIN]. On Montesinos' birthday Yanqui made a speech praising the latter whom, he said, was truly responsible for the successful struggle against terrorism. Yanqui replaces General Jorge Nadal Paiva, who has been designated to the Joint Command.

Colonel Enrique Oliveros will continue for a second year as head of the Army Intelligence Service (SIE). Before coming to the SIE he was stationed at the SIN and was President Alberto Fujimori's aide-de-camp. Oliveros was the military officer who, equipped with a tape recorder, did not miss a word of what was said during the trial of the presidential adviser under charges brought against him by CARETAS.

Division General Cesar Ramal Pesantes, who has only one more year to go before retiring, has been appointed to the First Military Region, headquartered in Piura.

General Juan Leon Varrillas, who will also retire next year and was at the Logistics Command last year, has been appointed commander of the most important military region, the Second Military Region headquartered in Lima.

Alberto Rios Rueda, head of the military household, who belongs to the so-called "red tide" because he is an artilleryman, has been designated to the Third Military Region headquartered in Arequipa.

Brigade General Ronald Rueda Benavides, who was head of the Ayacucho state of emergency zone two years ago, will continue as head of the Fourth Military Zone (Cusco).

Division General Enrique Torrico Urrunaga, who has another three years to go before he retires, will also stay for a second year at the head of the Fifth Military Region.

Nicolas de Bari Hermoza Rios will be Army commander for the fourth consecutive year.

General Howard Rodriguez Malaga, who made a name for himself not long ago by distributing calenders in favor of Fujimori's reelection in Piura, has been appointed Army chief of staff. Rodriguez has another two years to go before he retires, and has had several disagreements with Hermoza.

Recently promoted General Luis "Tuto" Perez Document, whom it was believed would be assigned to the Second Military Region, has been appointed chief of staff of the Armed Forces Joint Command.

General Jose Cabrejos Samame, who was chief of staff of the Armed Forces Joint Command last year, has been appointed military attache to the United States.

General Tomas Castillo Meza, who was chief of the Second Military Region and has only one year to go before he retires, has been appointed Army inspector general.

The recently promoted Division General Manuel Pancorvo Rivera has been appointed chief of the Logistics Command, and Brigadier General Carlos Bergamino Cruz chief of the Training Command.

Andres Sanchez Savarese will continue as chief of the Personnel Command.

General Carlos Torres Rodriguez has been appointed deputy chief of staff of the Army; General Gonzalo Oviedo Motta personnel director; General Elias Espinoza del Valle training director; and Americo Fernandez Caceres chief of the economy office. Daniel Mora Zevallos has been appointed chief of the information office; General Guillermo Rebagliati head of the National Development Office (Odena); General Leopoldo Uriarte Mora chief of the communications office; and Colonel Marco Olivos Paccini chief of the research and development office.

At the fronts of the zones in a state of emergency, the only chief that has been replaced is David Jaime Sobrevilla, chief of the Mantaro Front, by General MacDonald Silva Perez.

Huamanga Front chief Tomas Marki and Huallaga Front chief Alfredo Rodriguez have not been replaced so far.

Reassignments within the Peruvian Air Force [FAP] have not been significant. General Enrique Astete Baca will remain as Air Force general commander; Lieutenant General Cesar Urday Begazo as Air Force chief of staff; and Lieutenant General Fernando Moy as Air Force inspector.

Major General Wilfredo Barrantes Oliva has been appointed commander of Air Wing No. 1, headquartered in Piura; Major General Enrique Gonzales Vargas commander of Air Wing No. 2, headquartered in Callao; Major General Gustavo Romero Herrera commander of Air Wing No. 3; and Major General Fernando Granthon Mayuri commander of Air Wing No. 5.

Major General Pedro Palomino Horna has been appointed chief of the Sixth Air Region, headquartered in Huallaga.

Major General John Gottfried Silva has replaced Waldo Ritcher Cruz, who has been appointed chief of the Operations Command, as chief of the Second Air Region headquartered at the Las Palmas base.

Ernesto Lindley Mejia, tightly linked to the SIN, will continue for a second year at the head of the FAP Intelligence Directorate.

The recently promoted Lieutenant General Orlando Butron Horna has been assigned to the National Defense Secretariat (Sedena) to replace Admiral Ricardo Villaran Tapia, who has traveled as military attache to the Inter-American Defense Board in the United States.

Newly appointed Lieutenant General Danfer Suarez Carranza has been appointed secretary general of the Defense Ministry, to replace General Tomas Cavero.

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Within the Navy Adm Alfredo Arnaiz will remain as commander general. Adm Luis Giampetri, who will retire at the end of the year, will be chief of staff of the Navy.

Moises Woll Torres, recently promoted to vice admiral, who will not retire until 1999, has been assigned Navy inspector. Vice Admiral Cesar Vallejo has been appointed economy director, and Admiral Jose Garcia Castanos will continue as personnel director.

Admiral Jose Texeira has been appointed chief of the naval operations command, and Admiral Enrique Salmon Navea general commander of the naval zones.

Admiral Americo Ibarcena Amico will continue as naval intelligence director, now operating closely with the SIN.

The recently promoted Admiral Javier Bravo Villaran, brother of the candidate for the vice presidency on Alejandro Toledo's ticket, will spend a second year in the United States.

Admiral Alfonso Balaguer will remain as director of port authorities. Luis Pro Monteverde will remain as chief of the Fifth Naval Zone, and Rafael Calizaya chief of the Second Naval Zone. Luis Ferre will also remain as chief of the First Naval Zone, and Jorge Llontop chief of the Third Naval Zone.

Rear Admiral Mario Carulla has been appointed chief of the Special Operations Force (FOES). Rear Admiral Manuel Diaz Salgado will continue as chief of Marines, and Jorge Texeira Rivarola as chief of the submarine force. Rear Admiral Carlos Sarmiento has been appointed chief in the Ucayali naval zone.

Activities of Lopez Paredes Drug Trafficking Gang Outlined

PY2501165395 Lima CARETAS in Spanish 19 Jan 95 pp 73-75

[FBIS Translated Excerpt] When the police and the DEA last week found a shipment of 3,342 kg of cocaine hydrochloride hidden in a carob warehouse, the country learned about the existence of the Lopez Paredes clan, whose fortune is estimated at about $250 million. The clan has, however, been very well known to drug enforcement experts for many years.

They were also known well by political, military, and police figures such as Deputy Interior Minister Edgar Solis Cano, Army General Manuel Ortiz Lucero, and Congressman Juan Hermoza Rios.

Curiously enough, PNP [Peruvian National Police] General Jose Rivas Rodriguez, chief of the First PNP Region (Piura), who announced the arrest of the gang, was removed from his post two days after the announcement was made and transferred to a police hardship post.

Only last weekend did officials authorize the operation, which should have been conducted over Christmas. According to DEA and police reports the organization had planned to make the shipment during the Christmas holidays.

The gang was nevertheless unable to stash the drug as it had planned to do. The cocaine, camouflaged in a carob truck, did not arrive until early January. The cocaine was later transferred in vats to the port in Paita, where control was slack. From there, the cocaine was to be shipped to Mexico on a boat owned by the Lopez Paredes brothers.

The method for the drug shipment was similar to that used by the Rodriguez Lopez brothers, who used ships owned by the Peruvian Shipping Company. This same method was also used by the organization of Carlos Langberg Melendez, who used his yacht "Daydreamer." [passage omitted]

Manuel Lopez Paredes has a police record in the Trujillio courts dating back to 1976, 18 years ago, when he tried to bribe the policeman who charged him of being head of a drug trafficking gang. In September 1976 a Colombian plane with license number HK-661-P crashed and caught fire on a ranch in Huanchaco, owned by Jorge Lopez Paredes.

Police report 104-H-IC of November 1977 states that Jorge and Manuel Lopez Paredes are outlaws.

At the time they were involved with Alfonso Rivera Lorente and Perciles Sanchez Paredes, a cousin of the Lopez Paredes. They were charged with drug trafficking and the killing of police agent Jose Vasquez Vargas, who had been able to infiltrate the organization.

There were other reports against the Lopez Paredes, but they always managed to go unpunished.

The Lopez Paredes clan is comprised of:

Jorge, residing in Mexico, is according to the police the head of the organization. His brothers maintain that he is a jeweler.

Manuel is the gang's chemist. As a hobby and cover-up he is into car racing.

Tito was in charge of logistics.

The fortune of the Lopez Paredes clan is estimated at about $250 million. As is usually the case, they have established legal companies to cover up their activities and launder the money obtained from drug trafficking operations. One of them is the "Jortiman" realty company with offices at the Solimar building, located on the fourth block of the Malecon de la Reserva in Miraflores district. They owned two properties in the Las Casuarinas neighborhood. One of them was sold to the Rosales group and the other, located on Las Tipas Street, has 3,000 square meters. One of the last properties purchased by the Lopez Paredes brothers is an apartment located on the corner of Pezet and Cervantes Streets to lawyer Javier Corrochano, who became known when he

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travelled to Miami to interview [Latin American Center of Business Counseling, CLAE, Director] Carlos Manrique. Corrochano has publicly proclaimed his friendship with presidential adviser Vladimiro Montesinos. [passage omitted]

Uruguay

Lacalle Says Country Has Great Credibility Abroad

PY2601004595 Montevideo EL PAIS in Spanish 20 Jan 95 p 10

[Report by Eduardo Gonzalez]

[FBIS Translated Text] Rocha—President Luis Alberto Lacalle has stressed the country's credibility abroad.

The president revealed that an international report indicates Uruguay is the third most trustworthy country to invest in, with little risk entailed.

"This has been proven through investments in Uruguayan securities and bonds, which have the highest prices compared with other Latin American issues when sold in London or in Tokyo," Lacalle said.

The president added that treasury bonds and treasury titles have sold well and private investment has been enormous.

Lacalle said $850 million has been invested in tourism in the country.

The president added: "What happened in Mexico has not occurred anywhere else."

"It has not affected the country's credibility or the trust in Uruguay. Our public securities and bonds do not suffer the true earthquakes and shocks affecting other nations," Lacalle said.

"This shows the seriousness with which the government has handled our public finances during this period. We have done everything possible to lower the inflation rate. We did not have the cooperation we needed on issues as important as social security reform, which received $300 million in government assistance," the president added.

The president said the country needs deep reforms, recalling that the Broad Front and the Colorado Party did not support with their votes the reform of the social security system or the bill on public companies.

Sanguinetti Administration To Prioritize Deficit Reduction

PY2501224595 Montevideo BUSQUEDA in Spanish 19-25 Jan 95 p 1

[FBIS Translated Text] Sources close to President-elect Julio Maria Sanguinetti have told BUSQUEDA that the government-elect's priority in the economic area is that of reducing the fiscal deficit, and in order to obtain the reduction, there is a project for a "tax rearrangement" that will increase income. There will also be cuts in some investments. "After the Mexican crisis, it is doubly true that it is necessary to improve [tax] collection," it was indicated.

This line of thought was expressed by Ariel Davrieux, who has been named director of the OPP [Office of Planning and Budget] and is Sanguinetti's main economic spokesman, to the IMF technical mission in a meeting held on 18 January.

The possibility of a new agreement between Uruguay and the IMF was not discussed during the meeting. Davrieux will meet with the mission again on 20 January.

It was admitted that the reform of the social security system is another key aspect of the Colorado Party strategy in the economic sphere. "Although it will not have a concrete effect immediately, it will have a favorable impact on the economy and investment," it was indicated.

Meanwhile, economic team sources indicated that a decision will be made next week regarding the acceptance of Luis Mosca for the Economy Ministry.

Venezuela

Emergency Board Orders Banks To Increase Capital

PA2501193295 Caracas EL UNIVERSAL in Spanish 22 Jan 95 Section 2 p 4

[Report by Alfredo Carquez Saavedra]

[FBIS Translated Text] The Financial Emergency Board reportedly gave partners of banking institutions five days to increase the capital and reinforce the assets of their banks as an emergency measure to prevent the state from having to take control over even more banks.

A high-ranking government sources said five banks are affected by the order handed down by the authorities tasked with overseeing the nation's financial system.

It appears that at least one of the five institutions has committed itself to meeting the requirement and is reportedly in the process of pressuring its debtors in an attempt to improve its liquidity situation.

The source also said that the obstacle to overcome in this case is a bad credit portfolio, contrary to what happened at Banco Progreso and Fondo Financiero Latinoamericano of the Progreso Financial Group, which registered an insolvency of over 300 billion bolivares.

In other words, there is allegedly a significant amount of money available in the form of outstanding loans, whose totals vary from bank to bank and which show little chance of recovery.

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Deputy Finance Minister Luis Xavier Grisanti; Central Bank President Antonio Casas; Norys Aguirre, president of the Deposit Guarantee and Banking Protection Fund [Fogade]; Gustavo Roosen, commissioner for financial reforms; Banking Superintendent Tesalio Cadenas; and Financial Emergency Board member Enrique Sanchez were present at a meeting that took place last night. Several bank presidents were also present.

It was learned that the suggestion that banks facing difficulties capitalize to keep the state from having to take over additional banking institutions was presented during the meetings that representatives of the executive branch, including the superintendent of banks, held on Thursday and Friday with World Bank advisers who are analyzing the Venezuelan financial crisis.

Asked about the recommendations, an official said that the government is not interested in managing the financial institutions. "We believe shareholders should capitalize their own banks," he said.

The Financial Emergency Board is expected to issue an official communique in the next few days to clarify doubts and negative expectations that reports recently published by an evening newspaper have created among the public.

Roundup of Economic Developments
PA2401221295

[FBIS Editorial Report] The following is a compilation of reports on economic developments in Venezuela monitored through 24 January.

Preliminary figures released by the Energy and Mines Ministry show that in 1994 direct foreign investments in the mining and petroleum sectors surpassed 6.377 billion bolivares. In the same period, foreign investments in petroleum products, petrochemicals, mining, and coal amounted to 3.17 billion bolivares, 2.795 billion bolivares, 220 million bolivares, and 4 million bolivares, respectively. In terms of capital investments per country, the largest amount of investments originated from Italy (2.431 billion bolivares), followed by the United States (1.811 billion bolivares) and Argentina (886 million). Other foreign countries investing in the mining sector included Japan, Canada, France, the Cayman Islands, the Dutch Antilles, Panama, Chile, Britain, the Netherlands, Barbados, and the British Virgin Islands. (Caracas EL GLOBO in Spanish 23 Jan 95 p 12)

French Ambassador Henri Vignal has disclosed that French companies will be investing nearly $2 billion in crude oil drilling and exploration projects in the Orinoco region. The ambassador stressed that French investors are very interested in Venezuela but have adopted a wait-and-see attitude at this time because of the financial crisis the country is facing. (Caracas EL GLOBO in Spanish 21 Jan 95 p 3)

According to a recent press release issued by the Economic Statistics Department of the Central Statistics and Data Processing Office, December's 3.8 percent rise in the monthly Consumer Price Index (CPI) was slightly less than the 4.5 percent increase recorded in November. The press release also explains that the annual CPI index rose 70.6 percent between December 1993 and December 1994. (Caracas REPORTE DE LA ECONOMIA in Spanish 23 Jan 95 p 9)

Deputy Finance Minister Luis Xavier Grisanti warned that if the 1995 budget is implemented as approved by the National Congress it will most likely result in a fiscal deficit ranging between 7.5 percent and 8 percent of GDP, or approximately 900 billion bolivares. He added that the budget adjustments proposed by the executive branch could result in the deficit falling to 3.9 percent of GDP. (Caracas EL GLOBO in Spanish 19 Jan 95 p 11)

According to a recent report by Softline Consultants, a private consulting firm, profits at Venezuelan commercial banks totaled nearly 63.238 billion bolivares in 1994. The banks with the largest profits were Banco Industrial de Venezuela (17.284 billion bolivares), Banco Provincial (16.213 billion), Banco Mercantil (8.114 billion), and Banco Venezolano de Credito (6.980 billion). The Softline document is based on figures included in the balance reports from the 38 commercial banks registered in the country and the last available report from the recently nationalized Banco Republica. (Caracas EL NACIONAL in Spanish 17 Jan 95 p D-5)

The export of construction services declined slightly in 1994 as result of the termination of existing contracts and limited financing offered by the domestic market. Forecasts by the Venezuelan Construction Exports Association (Avexcom) indicates that in 1994 construction service exports declined by 40 percent from 1993. Nearly $64 million was exported in 1993 while barely $40 million was exported in 1994. According to Avexcom, at least 15 companies are currently involved in exporting constructing services overseas. (Caracas ECONOMIA HOY in Spanish 20 Jan 95 p 11)

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